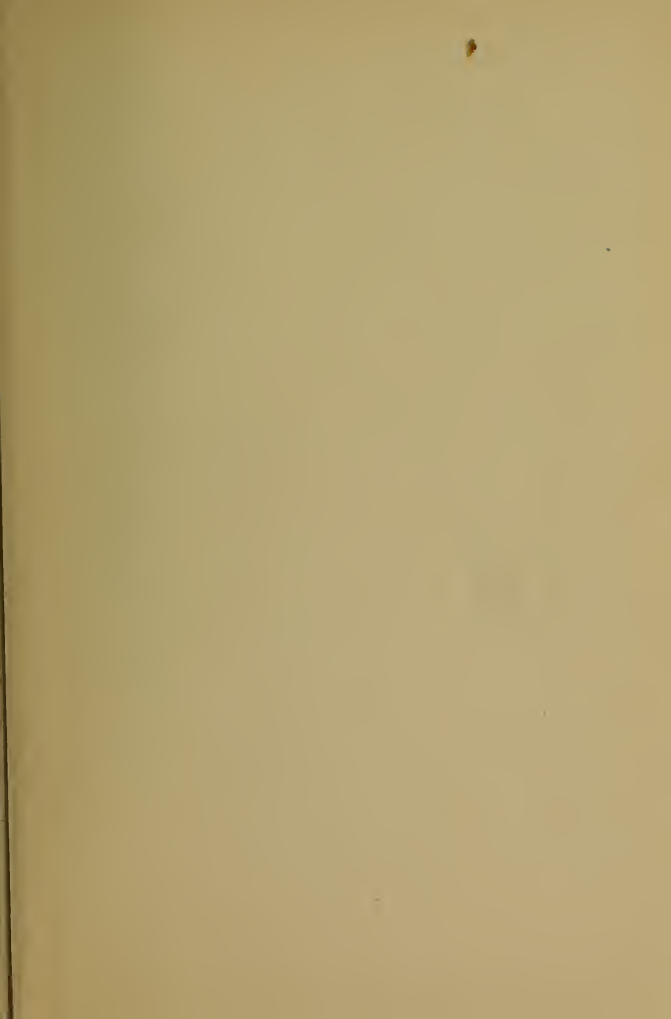


HOW FARMERS CO-OPERATE & AND DOUBLE PROFITS &

• CLARENCE • POE •



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SIR HORACE PLUNKETT

His faithful and at last triumphantly successful work in getting Irish farmers organized for business co-operation should be an inspiration to all who are trying to effect similar results in our own country. (See Chapters XVIII, XIX, and XX.)

How Farmers Co-operate and Double Profits

First-Hand Reports on All the Leading Forms of Rural
Co-operation in the United States and Europe —
Stories That Show How Farmers Can
Co-operate by Showing How
They Have Done It and
Are Doing It

BY
CLARENCE POE

Editor "The Progressive Farmer;" Member Organization Committee
National Conference on Marketing and Farm Credits; Chairman
Topics Committee National Farmers' Union; Author of
"Cotton," "A Southerner in Europe," "Where
Half the World Is Waking Up," etc.

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THIS BOOK IS DEDICATED TO
THE MEMORY OF

My Father and Mother

PLAIN, HARD-WORKING FARMER-FOLK, WITH WHOM I SHARED THE
POVERTY AND HARDSHIPS OF THE DAYS BEFORE EDUCATION
HAD BROUGHT THE HOPE OF BETTER THINGS, OR CO-OPERA-
TION POINTED OUT THE WAY—THE DAYS WHEN NO EQUI-
TABLE SYSTEM OF RURAL CREDITS OFFERED ESCAPE
FROM THE ROBBERY OF "TIME PRICES"; WHEN OUT-
WORN MARKETING METHODS LEFT TO OTHERS
ALL THE HANDLING OF OUR PRODUCTS AND
ALL VOICE IN PRICING WHAT WE BOUGHT
OF OTHERS OR WHAT OTHERS BOUGHT
OF US; AND WHEN THE INEVITABLE
MORTGAGE FOLLOWED, MENAC-
ING LIKE A SWORD OF DAMO-
CLES, WHILE WE TOILED.

IN THE FAITH THAT THROUGH CO-OPERATION A
FAIRER DAY NOW DAWNS FOR ALL WHO GROW THE FRUITS
OF THE EARTH, THIS BOOK IS OFFERED BY

THE AUTHOR

1470425

ACKNOWLEDGMENTS

The author has endeavored to make this volume a practical guide-book on the subject of rural co-operation—not a book setting forth what might be done, but a book of actual reports of what has been done and is doing; stories based on first-hand investigations.

I went to Ireland, France and Denmark and have visited State after State in our own Union expressly for the purpose of seeing on the spot just what is being accomplished in every important line of agricultural co-operation and then giving this information directly to my readers. There is, I believe, just one conspicuous success in agricultural co-operation that I have wholly missed—the co-operation of citrus fruit growers in Florida and California. I have visited both these States, but I have not personally investigated their citrus fruit organizations. Nor have I been able to visit the Arkansas Cotton Marketing Association described in Chapter XVI.

In keeping with the spirit of this volume, I have thought it best to have both these activities described, as other activities are, from the standpoint of personal knowledge and investigation. I am, therefore, indebted to my friend, Prof. W. R. Camp, formerly of California, for preparing Chapter XV almost as it stands, and to my friend Prof. D. N. Barrow, for preparing the interesting report of the Scott Cotton Growers' Association in Chapter XVI.

C. P.

INTRODUCTION: AN APPEAL FOR LEADERSHIP

THIS book, as I have already suggested, is intended as a guide-book to business co-operation among farmers. And yet in the very outset I would say this one emphatic word to the reader: We may have any number of guide-books on co-operation, we may have free and unlimited lectures, pamphlets, bulletins, etc., describing the advantages of co-operation, and yet if one thing is lacking we can do nothing. That one thing is *Leadership*.

Knowledge, Faith, Leadership—this is the trinity of essentials in rural co-operation, and the greatest of these is Leadership. Give us Leadership and all the other things will be added to us.

Let me, therefore, in the very beginning put this question to the reader: *Why not make yourself a leader of progress in your neighborhood—a leader in bringing about the co-operative spirit and co-operative effort?*

Co-operation is, indeed, the master word of the new century, and in your neighborhood and all other neighborhoods all the farmers must learn to work together.

You can't farm profitably any longer unless you do. You must work with your neighbors in buying fertilizers and supplies. You must work with them in buying and using modern labor-saving machinery. You must work with them in getting more and better live stock. You must work with them in packing, shipping and selling your crops after you grow them. You must work with them to develop some system of rural credits whereby men may help one another out of the Slough of Debt and on to the Highroad of Independence. And having done all this, it will yet remain true that you cannot have a satisfying life, no matter how much money you make, unless your neighbors

are educated, a reading people, well-informed, neighborly and anxious to join with you for better schools, better roads, prettier homes, a richer social and intellectual life, and for a happy, "pull-together" neighborhood.

Get the vision, then, reader friend, young or old, man or woman: You can't be as happy as you ought to be unless your neighborhood is as happy as it ought to be. You can't prosper as you ought to unless your neighbors prosper as they ought to. Get the vision and keep the faith. Make yourself a leader in revolutionizing your neighborhood.

Hard work? We know it. Slow work? There is no doubt about it. But go to it with the foreknowledge that the work will be hard and slow. Go to it even with the knowledge that—hardest of all to bear—there will come bitter days when the very men you yearn to help will judge you wrongly and misinterpret your motives, and you will weary of the struggle as Jonah did under his gourdvine, or Elijah under the juniper tree, or as Moses grew sick at heart when the Canaan-bound Hebrews mutinied because he had not let them alone in their bondage.

Go to the work, we say, with the knowledge that it will not be wholly easy, and yet with the knowledge that it will be glorious in the end; glorious even if you do not see the end, but die having only inspired someone else to carry on the task you could not finish. Be glad the task is hard; be glad it is a man-sized job. There would be no heroism in doing it if it were not. You gain no strength in wrestling with the weak, but only in wrestling with the strong. And so you win soul-strength, strength of character, only by doing hard things. "Oh, do not pray for easier tasks," as someone has well said, "but pray God to make us stronger men." And Dr. S. C. Armstrong said a thing we should never forget when he declared: "Doing what can't be done is the glory of living."

Despite all the difficulties, therefore, be content that your own life will be incomparably richer, happier and more meaningful if you will but throw your whole soul into the

big, unselfish task of making your community what it ought to be—a community of comrade farmers, co-operating farmers, a community with more of beauty and thrift and neighborliness and intellectual stimulus in it than would ever have been possible but for your efforts.

And in working out such an ambition, remember that your first duty is to get your neighbors aroused. You must carry knowledge to them, and not only knowledge but inspiration. You must work with them and at them, with infinite patience, to make them a reading people—to read the books and papers that will help you in carrying out your ambition; and you must get them together early and often in meetings and conferences. You must especially watch the boys and girls who have ambition for progress, nor yet despair of older men and women whose inertia and conservatism may yet be broken through.

Then, too, you must work with one and all with the knowledge that they are your brothers and your sisters—that you are no better than they, and that some neglected man or boy in the shabbiest clothes and in the meanest house may have potentialities greater than anybody else in the neighborhood. You must feel yourself always a co-worker and never a commander; you must be more anxious to develop leadership in others than to have any prominence of leadership yourself.

But most of all, you must have faith in men and women, boys and girls—and not only faith in them but genuine love for them. It is a great saying of Tolstoi's:

"We think there are circumstances when we may deal with human beings without love, and there are no such circumstances; you may make bricks, cut down trees, or hammer iron without love, but you cannot deal with men without it."

And one of the greatest leaders of men that this old world has ever known uttered one of his profoundest thoughts when he said that a man may speak with the tongues of men and angels, and have all knowledge, and all faith, and all philan-

thropy, and yet fail as a leader and a man, if he is without love for his fellows.

And now by way of a practical application of all the foregoing let me suggest ten practical ways for starting co-operation in your neighborhood, indicating at the same time portions of this book in which I have set forth the experiences of other groups of farmers on each particular point.

1. Are you trying to get your neighbors to buy their fertilizers, feedstuffs, etc., co-operatively?

This is about the simplest of all forms of co-operation—"the A B C of co-operation," as the Irish say—but the economies so effected have often been eye openers to farmers who have previously sat in darkness. Even if you have no local farmers' club, you can still get your neighbors to join with you and make a bulk order at considerable saving to all concerned. But if you have a local organization you can work more easily and effectively.

On this and allied subjects read Chapter III on "Co-operative Buying." Read also the experiences of Minnesota co-operative stores in Chapter VIII, an Irish co-operative purchasing society in Chapter XX, what French farmers have done as described in Chapter XXII, and the interesting experiences of Danish farmers as told in Chapter XXVII.

2. Are you trying to get your neighbors to join with you in buying and using improved farm machinery?

There is hardly a farmer in America but that should be practicing this form of co-operation. Consider, for example, how many hundreds of thousands of farmers have plowed around stumps summer after summer their whole lives through, simply because each one did not feel able to buy a stump puller—when by joining together all could have

cleared their land of stumps at a minimum of expense and without one inconveniencing the other. Check over the following list of just a few machines that might be owned in common and see if you cannot pick out certain neighbors who would "go in with you" in buying and using some of them to advantage:

- | | |
|--------------------------------------|--------------------------|
| 1. Stump puller. | 14. Stalk cutter. |
| 2. Manure spreader. | 15. Grain drill. |
| 3. Corn shredder. | 16. Mower. |
| 4. Corn harvester. | 17. Peanut picker. |
| 5. Fanning mill. | 18. Clover huller. |
| 6. Pea huller. | 19. Grain thresher. |
| 7. Spraying outfit | 20. Meat chopper. |
| 8. Canning outfit. | 21. Horse clipper. |
| 9. Cowpea thresher. | 22. Cement tile machine. |
| 10. Traction plow. | 23. Road drag. |
| 11. Harvester and binder. | 24. Farm level. |
| 12. Lime and fertilizer distributor. | 25. Cane mill. |
| 13. Potato digger. | 26. Hay press. |

It is an unprogressive farmer who doesn't own some of these in co-operation with his neighbors. Even if he is a rich plantation owner, he should nevertheless pursue this policy as a matter of encouragement and help to his less prosperous neighbors who may thus get help they would otherwise lack.

On this point read the report of what some American farmers' clubs have done as told in Chapter VI, an Irish experience in Chapter XX, some successful French plans in Chapter XXII, and the record of co-operation among Denmark's one-horse farmers in Chapter XXIII.

3. Are you working to secure any organization of your neighbors for marketing staple crops?

In a country in which the power of organization has been so convincingly demonstrated, it would seem to be a strange question to ask a farmer, "In the marketing of your crops are you as a lone individual (probably poorly informed at best), going up single-handed against all the organized

forces, powerful, wealthy and well-informed, now ready to take advantage of you?" Have not the farmers' grain elevators proved that every grain farmer should have part in this movement? Have not co-operative cotton and tobacco warehousing and marketing (even though only in their infancy) proved that by selling together cotton growers and tobacco growers can get better prices for these staple crops? Are not the citrus fruit growers' association and truck growers' organizations in various parts of the country living examples of the fact that "in union there is strength"? Has not co-operative live stock shipping brought new profits to corn belt farmers?

Unless you are in some crop marketing organization, Mr. Reader, you are sleeping on your opportunities. Resolve now that your neighborhood will not market this year's crop without some form of co-operative effort.

And here the reader may profitably consult the experiences of numerous farmers' societies recorded in this volume—the record of the citrus fruit growers of Florida and California as told in Chapter XV, the magnificent showing of the Eastern Shore of Virginia Produce Exchange, Chapter XIII; experiences in marketing wheat, Chapter IX; cotton and cottonseed marketing experiences as told in Chapters VI, XII and XVI; the victory co-operation brought Wisconsin berry growers, Chapter X, etc.

4. Have you stock in any enterprise for the secondary handling of your products?

As we are emphasizing in Chapter I, our farmers should not only make the profits on the production of their raw material, but should co-operatively own and manage all the enterprises for putting this raw material into what we may call a secondary form. The question is, then, whether you have stock in any—

1. Grain mill?
2. Cotton mill?
3. Or creamery?

4. Or packing house?
5. Or tobacco prizery?
6. Or cottonseed oil mill?

In other words, the author contends that what we may call "agricultural manufacturing" should be carried on in enterprises co-operatively owned by farmers, the profits being paid out in the form of patronage dividends to the persons who furnish these profits.

For information on such enterprises in this country and abroad—the creamery being unfortunately, however, the one form of "agricultural manufacturing" in which co-operation has made conspicuous progress—consult Chapters VII, XVI, XVIII, XXIV and XXV.

5. Have you tried to organize your neighbors for co-operative marketing of country produce and of live stock?

The old plan (or no plan) whereby one farmer went to town with two dozen eggs, another with four or five chickens, another with a ham, and another with a peck of apples, must give way to some profitable co-operative marketing method in each neighborhood.

Read in Chapter VI the story of one co-operative produce marketing association in which the writer is a stockholder. For reports of live stock shipping associations see Chapter XI.

6. Have you joined with your neighbors in purchasing any pure-bred live stock?

The use of scrub sires has been a bane of American agriculture. We cannot expect proper interest in stock raising until our farmers have animals in which they can take pride and which have been bred for profit making along certain definite lines. Nor can we ever have this if each individual farmer must purchase worthy sires for his own herds and flocks.

Just as we are safe in saying, therefore, that the joint ownership of farm machinery is one form of co-operation in which every farmer should participate, so we say that

every farmer should have an interest in some royal blooded stallion, bull, boar or ram that he will feel proud to name as the sire of his colts, calves, pigs or lambs. Talk this matter over with your neighbors as one of the surest means of starting co-operation.

7. Are you interested in or trying to encourage any mutual insurance association?

Every farmer should belong to some co-operative fire insurance association (they exist almost all over the country, and if you haven't a branch in your county, it should be easy to organize one), and we should also have associations for mutual accident insurance, such as have proved such a success among French farmers.

Read the reports of successful farmers' insurance associations in America as given in Chapter XVII, and French experiences as given in Chapter XXII.

8. Are you a member of or trying to organize any credit union or other rural credit association?

No matter what sort of system for lending money on land our State or National government may devise, we must have some societies through which farmers may pool their savings and lend them out to one another on proper security. Because not all features of the Raiffeisen credit organization may suit America is no reason for saying that none of their features will. Every farmer should be a member of some form of local credit union or rural building and loan association.

Read the simple story of the Irish rural credit societies in Chapter XIX, and see if there is really any reason why some such plan could not be inaugurated in your neighborhood. Or if some other plan seems necessary, note in Chapter XIV that Catawba farmers have organized a rural building and loan association and are making a success of it.

9. Are you a member of a co-operative telephone company?

Farmers should co-operate not only in matters which insure financial profit, but in everything that makes for the improvement of country life. The telephone is not only profitable financially in that it will convey all kinds of business messages that a man and a horse would otherwise have to carry, but it enriches life for all the members of the family. If every farmer in a neighborhood will do his part, the cost per capita of a co-operative line will be small indeed.

10. Are you co-operating to get for your family and your neighbors the higher things of existence?

Are you a member of a farmers' club or local union or grange? Is your boy in the corn club work and your girl in the girls' canning club movement? Is your wife one of the United Farm Women? Are you co-operating with your neighbors educationally by supporting local taxation for schools? Are you always ready to do your part when the neighbors plan a Sunday school picnic or a Fourth of July celebration or a baseball team or a "big day" at the neighborhood school? And finally, are you co-operating with your neighbors in the settlement of disputes by arbitration—co-operation which eliminates the terrific expense of unnecessary middlemen-lawyers?

This tenth item really presents an illustration of "the last shall be first and the first shall be last," for the very first step in business co-operation must frequently be the organization of farmers along social lines. It is equally true, however, that without some successful business feature about ninety-nine farmers' clubs out of a hundred fail. The thing to do is to try to get the organization and then give it something to do—or better still, have something definite for it to do from the very beginning.

In the matter of suggestions for making a farmers' club a success, read Chapter II, noting the manner of organization, needed committees, plans for a rural census or

survey, etc.; read Chapter VI setting forth some practical business activities of farmers' clubs, and note the activities of some women's organizations in Chapters IX and XIV.

Upon general matters it only remains for me to say that in Chapter VII, and in the Appendix, I have attempted to give needed help about the method of organizing co-operative enterprises, what manner of by-laws should be adopted, etc.; in various chapters throughout the book I have emphasized the importance of high-quality products; in Chapter XXIV and others I have discussed briefly the necessity for having legal, binding contracts and proper auditing of the books; and in Chapters XXI, XXIII, XXVI and XXVII I have brought out the fact that education and home ownership form the only foundation for successful co-operation or a satisfying rural life. Because tenancy and ignorance exist in your neighborhood is not a reason for shirking the battle, however, but only for making more determined effort not only to get co-operation, but to promote education and home ownership. I have also called attention, though not so emphatically as I ought, to the importance of avoiding the credit system which has wrecked probably ten thousand farmers' societies, and I would reiterate that there is no safety outside the strictly cash basis of operations. I would also urge Southern readers interested in co-operation to consider the importance of developing homogeneous communities, from the racial standpoint. We simply cannot adequately develop rural co-operation or rural community life where a population, sparse at best, is divided between two races who are utterly separate socially. Consequently where negroes cease to become hired laborers or renters and become independent landowners working for themselves, they should buy land apart from those communities where white people wish to develop a robust community life with a homogeneous white population. In two school districts, each with fifty negro landowners and fifty white landowners sandwiched together, neither schools nor churches nor social life can be

half as good for either race as if the hundred families of each race were grouped together.

May I not in conclusion again urge the reader to set out to make himself a leader in rebuilding his neighborhood, finding for himself the inner joy and happiness that comes only through service to one's fellows and to some high ideal?

"Oh, it is great and there is no other greatness," says Carlyle, somewhere, "to make some nook of God's creation more fruitful, better, more worthy of God," and it is in the quest of this form of greatness that one is surest to find what President Eliot has happily called "the durable satisfactions of life." To the man who has an ideal of a richer and fuller life for his community and who unselfishly sets to work to bring about this ideal, the glorious reward is usually seen with the material eye long before age has dimmed its vision. But to the triumphant spirit of every man who seeks to hasten "the good day coming," it is enough, even if only with the eye of faith, "he shall see the travail of his soul and shall be satisfied," and dying

"Join the choir invisible
Of those immortal dead who live again
In minds made better by their presence . . .
Whose music is the gladness of the world."

To such tasks, to such high spiritual adventures, are the leaders of rural America now called. In fact, the by-products of co-operation—comradeship, fellowship, that new attitude toward life which has made Denmark "a little land full of happy people"—these are so much more important than even the striking material rewards, that I have hesitated to call this book "How Farmers Co-operate and Double Profits." For, as a matter of fact, important as are the dividends in cash, the dividends in brotherhood are greater.

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PLEASE USE THE INDEX.—The chapter headings in this book indicate very incompletely at best the range of subjects covered. The reader in quest of information on any particular point is therefore urged on all occasions to consult the Index, beginning on page 239. This Index not only indicates with greater precision where to find just the information wished, but frequently enables the reader to compare experiences of a considerable number of co-operative groups. The ideal of the author, in fact, has been to inspire the general reader with interest and enthusiasm for co-operation by means of genuine "human interest" stories of co-operation experience, and also furnish, with the added help of the Index, a practical guide book for those engaged in organizing co-operative enterprises.

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CHAPTER I

THE FARMER MUST TAKE COMPLETE CONTROL OF HIS BUSINESS

*This Is the Fundamental Purpose of Rural Co-operation—
Profits Must Go to Patronage—Farmers Must Get Profits
Not Only from Growing Raw Material but from Grading
It, Converting It into More Finished Forms, and from
Direct Marketing.*

BUSINESS co-operation among farmers—what are the fundamental purposes and principles of this movement of which we now hear so much? This, it seems to us, is the most pertinent consideration for us in the very beginning of this volume.

The answer is, of course, that the object of rural co-operation is to bring to the farmer not only the profits due him as a laborer, but also profits which he may win as a business man—by grading, developing and marketing the products he has first made as a laborer. And the object is not only to secure these extra profits for the farmers as a class, but to secure their equitable distribution among individual farmers by dividing profits on the basis of patronage instead of on the basis of capital.

For centuries we have had an industrial system in which money rules men. The dollar, "the almighty dollar," as it has come to be known, is above the man. Money hires men. The lowest possible wages are paid the workingmen who turn out the products of the various businesses, the highest possible prices are charged the consuming public who buy these products, and then all the profits realized between these minimum and maximum figures go to the moneyed stockholders in proportion to their money. No

matter how enormous these profits are, the men whose sweat and labor have wrought out the product share none of the benefits, nor does the consuming public receive one cent of rebate.

The basic principle of co-operation, on the other hand, is that men shall hire money instead of having money hire men, and that after paying money its legitimate hire (a reasonable rate of interest), all the remaining profits shall go to the people who furnish patronage.

Now, there are a thousand patrons of a business for every one stockholder in it. Consequently, when profits go to patrons under the co-operation principle wealth is diffused among many people; when profits go to stockholders under the corporation principle wealth is concentrated into a few hands—and already 54.2 of our American families do not even own the roof that shelters them, and not one man in three lives in a home to which neither landlord nor mortgagee may lay claim.

A corporation is an assemblage of dollars for the purpose of hiring men to secure profits for the dollars. Co-operation is the assemblage of men for the purpose of hiring dollars to save profits to the men. And by this plan co-operation aims to avoid both the Scylla of capitalism and the Charybdis of socialism. It will not have the profits of labor absorbed by fashionable idlers under the form of plutocracy, nor by a different class of idlers under the form of communism. It is for the men who work—the only sort of men worth saving, the only sort of men society should seek to serve.

In addition to the principle of paying dividends on patronage, there are, of course, certain other well-established principles of successful co-operation, the main ones being summarized under twelve brief heads in our chapter on "How to Organize a Co-operative Society."

So much for the principles of business co-operation. Now let us see what our forward-looking leaders of rural

progress hope to win for the farmer by applying these principles in agriculture.

Agricultural co-operation on the whole, then, let me say, means simply that the farmer must take control of all phases of his own business—the business of growing and delivering to the world its food and the raw material for its clothing.

Heretofore the farmer too often has been only a hireling in his own house. He has been the laborer who did the hard work but received only such profits as were left him by his industrial masters—these masters being the men from whom he bought his supplies; the men who converted his products into secondary form; the men who marketed his products; and the men who lent him money to carry on his business or to buy food from other farmers while he worked.

I hate demagoguery, and I would do nothing to stir up class feeling; but the big facts in this matter must not be blinked, and it will require only a little thought to show that the farmer has surrendered to other interests all the business side of agriculture apart from production, and that all these other interests have prospered in greater degree than has the farmer, who is the creator of all the basic wealth.

The merchant who has sold the farmer his supplies; the grain buyers and cotton buyers and tobacco buyers and peanut buyers who have marketed his product; the millers and packers and ginners and cottonseed oil men who have converted his products into more finished forms; the money-lenders and the time-merchants who have furnished him credit—all these have taken their tolls, and in nearly every instance their profits have been larger than those made by the farmer himself. It has been asserted that in some lines the farmer receives only thirty-five cents of the dollar which the ultimate consumer pays for his product.

Now, let us see what are the lines of co-operation that we must develop if the farmer is really to take control of these

profit-absorbing phases of his own business, and get his proper share of the final consumer's dollar. To effect this result it seems to me that our farmers everywhere must definitely resolve upon five general branches of rural co-operation:

(1) Co-operation in buying supplies for making farm products.

(2) Co-operation in raising farm products.

(3) Co-operation in finishing farm products.

(4) Co-operation in standardizing and marketing farm products.

(5) Co-operation in securing capital for making and marketing farm products, and in all necessary insurance.

Several of these five subjects have already been rather abundantly discussed. Farmers are already pretty fully converted to the idea of buying their supplies—fertilizers, feedstuffs, etc.—on the co-operative plan. Farmers also are rapidly learning the wisdom of co-operation in raising farm products—co-operation in owning and operating wheat threshers, stump pullers, corn harvesters, traction plows, corn shredders, wheat drills and other labor-saving and profit-making machinery, and co-operation in getting better breeding sires.

They have been decidedly slower, however, in realizing that it is part of the business of farming to co-operate in finishing farm products—putting them into secondary form—as it is a purpose of this book to urge. And by converting farm products into more finished forms, I mean such work as that of cotton gins for separating the farmer's seed cotton into lint and seed, cottonseed oil mills for converting the cottonseed into meal and oil and hulls; grain mills for converting the farmer's grain into flour and bran and meal; creameries for converting his milk into butter and cheese; canneries for converting fruit and vegetables into canned goods; and packing houses for converting his hogs and cattle into properly cured pork and beef products. All these enterprises are distinctly a part of the farmer's busi-

ness, and wherever business conditions make them profitable they should be conducted by him on a strictly co-operative basis.

In other words, I maintain that it is the farmer's duty to give the world its food and the raw material for its clothing, and that he should conduct and receive profits from all the business operations of delivering the food to the consumers and the lint cotton and the wool to the factories. The principle has its bounds, of course, but I maintain, for example, that it is as much the farmer's business to grind the corn as to shell it, and as much his business to gin the cotton as to pick it. It is because the farmer has heretofore lost the profits on all such operations and on all the business of handling his crops that he is poor. As Prof. E. C. Branson has so well said:

"The farmer's wealth-producing power is enormous; his wealth-holding power is feeble. The retention of wealth is everywhere our greatest problem; not merely the production of wealth."

Think of our annual billion-dollar cotton crop, and then of how few millions will be left to our farmers as profits after the farmer satisfies all the agencies that now take toll from his wealth before he gets "the leavings."

Twenty years ago, as we shall see later on in this volume, the dairy farmers of Ireland and Denmark were doing exactly as our American farmers are doing today. They were simply following the old system of "every man for himself" and letting the bulk of their profits slip through their fingers—part going to the merchant who sold them feedstuffs, part to the capitalists who owned the creamery and bought their milk and butter, part to the middleman who marketed the finished products for them, and part (or the rest) to the money lender or "gombeen-man" (time merchant) who made them advances.

Today, however, these farmers have made themselves independent by taking complete control of their business

just as I am saying the American farmer must take complete control of his business.

They have co-operative purchasing societies for buying their feedstuffs together and save a profit here. They have co-operative creameries for converting their milk into butter and cheese and save a profit here. They have co-operative societies in marketing direct to English and German markets and save a profit here. And they have co-operative credit societies and save a profit here.

In other words, the co-operative Irish and Danish farmers have taken complete control of their business from start to finish, just as our American farmers must do. No wonder Hans Hansen, a Danish farmer who had formerly cultivated a 160-acre farm in America, told me at his home in Denmark that, thanks to this fuller degree of co-operation there, he was doing about as well with thirteen acres there as he did with 160 in America. Certainly if these Irish and Danish farmers were in our shoes, they would soon have co-operatively owned cotton gins, cottonseed oil mills, cotton and tobacco warehouses, packing houses, grain elevators, grain mills, etc., etc. (not by starting new enterprises in communities already fully supplied, but by buying out plants already running or else establishing new ones in communities not properly supplied at present), and they would buy fertilizers together direct from the factory; they would co-operate for economical production; they would standardize grades and market their cotton co-operatively; and they would provide some form of co-operative rural credits.

I repeat that I am not advising farmers to start new co-operative gins or mills or warehouses where there are plenty of these privately owned. But they may well buy out an established plant in such cases and put it on the co-operative or "patronage-dividends" basis, or they may establish such new co-operative enterprises outright where the business justifies it.

The enormous losses in grading and marketing cotton

under present conditions offer a fine illustration of what our farmers lose by not taking charge of the marketing end of their business. We should both establish co-operative selling agencies and establish a definite and officially recognized standard of grades. Organized or co-operative marketing is the only plan whereby the farmer can get the benefit of proper grading of his products—

(1) Because the organization can employ an expert grader, whereas the individual farmer cannot become an expert in this work; and—

(2) Because an association of farmers can guarantee grades and insure the acceptance of their grading work by the commercial world as an individual farmer cannot.

The fifth and last form of co-operation to which farmers must give attention is the rural credit society, the organization of a group of farmers in each community for the purpose of obtaining and lending money to their members at low rates of interest for productive purposes. It is to our everlasting discredit that we have yet done nothing in this respect, for not only have these organizations pulled thousands and thousands of Irish farmers and Danish farmers and German farmers out of the mire of poverty, but when I was in Japan I found that even these so-called "heathen" farmers had for years been improving their opportunities in this respect; and when I went down into India I found that even "the poor, benighted Hindus" had realized the advantages of co-operation in rural credit and that the British government was actively assisting the heathen worshippers of idols over there in this advanced step which we in America have not yet taken.

The conclusion of the whole matter is simply that the twentieth century farmer is yet going to become master in his own house, is yet going to take charge of the whole business of agriculture, and will absorb all the profits of the processes of supplying the world with food and with raw material for its clothing. He will not be content merely to grow the raw product as a low-priced muscular laborer,

and let all the profits of handling and selling the product go to other classes. Instead, the farmer is to be both laborer and business man. He is to get one profit from growing the product; he is to get still another profit from grading, finishing and marketing it. Heretofore he has made one profit by working alone, as an individual being; henceforth he will make another profit by working with others as a social being.

There must be co-operation (1) in buying supplies, (2) in crop production, (3) in crop finishing, (4) in crop marketing, (5) in rural credits. *The farmer must take complete control of his business.*

CHAPTER II

FIRST OF ALL, A GOOD FARMERS' CLUB

Have Regular Programs and "Roll Call of Opinions"—Eight Permanent Committees That Should Be Always Active—Make Community Surveys and Have Public Meetings—How to Get Outsiders Interested.

THE very first thing to do in getting business co-operation started in your community is to get your neighborhood waked up. And the best way to get it waked up is to organize a farmers' club and a club of farm women. Don't organize merely because "all other classes are organized and farmers ought to be," but organize for business—determined to do something.

In order to get a club started, the leader should first try to interest a half dozen neighbors, or as many as he can, and try to get the biggest possible crowd in starting. Have a speaker or organizer from a distance if possible—not a mere exhorter, but a man who will give practical suggestions for making the club a power in the community. We would also suggest that you link up your club with whatever general organization the farmers of your State have, Union, Grange or Society of Equity, as the case may be. In some states there is nothing but the Union, in others nothing but the Grange, and so on.

Then having brought your farmer neighbors or your neighbor women together into the organization, the next thing to do is to make your meetings interesting. If the secretary simply calls the roll, reads the minutes of the last meeting, and the president merely puts through the formal "Order of Business," your club will soon starve to death.

The writer now belongs to a live, active, useful local union of seventy-five members, and we are confident it would not be half so strong but for the fact that for two years past it has had a fixed program for each meeting, with one or two speakers assigned to each subject and given sufficient advance notice to enable them to prepare themselves properly.

Another excellent idea is to have a "Roll-call of Opinions" at each meeting. After the regular speakers have expressed themselves on the subjects assigned for discussion, call on each member present to give his opinion within a one, two, three or five-minute time limit, as the circumstances may seem to require. In this way you will call out the quieter and less active members and frequently develop qualities of leadership in them which might otherwise never come to life. And just here it should always be remembered that the sort of leaders we need in every organization are not those who wish to magnify their own importance and demonstrate their own superior abilities, but men with that truer sort of leadership who will seek out and develop all the force and power in other men, finding more pleasure in developing others than in exhibiting themselves.

A chief object of your organization in every case must be to make your neighborhood not a collection of individuals, but a real community—and there is indeed a great distinction here. As Mr. George W. Russell of the Irish Homestead has well said, we have had until now virtually no rural "communities." We have had rural sections in which individuals live here and there; but we have not had neighborhoods of people bound together by common interests and common ideals—a community consciousness.

The truth of this observation must be only too plain to all thinking people. Consider the city nearest you, how its inhabitants boast of its growth in population, in postoffice receipts, in bank deposits, in office buildings! How they brag about its factories, industrial plants, big stores; its schools, its parks, its streets, its public buildings—or at

least about each item in which it makes a better showing than its nearest rival city! There are slogans, "Bigger, Busier, Better Beantown," "Watch Jonesville Grow," or "Boomtown Leads, Others Follow," etc., which flaunt themselves in colored signs by day, flare forth in electric lights by night, or strut vaingloriously on your city friend's lapel as you talk with him.

What we need now is to develop a like community spirit in our country districts. Why should not the people living in a rural school district or a rural township boast of having the best roads in the county, or the best school, or the best school library, or the biggest corn club, or the greatest number of painted houses, or the best farmers' club, or the most houses with waterworks, or the most silos, or the most registered cattle, or the most attractive social life—which is to say, the most neighborly people? Why shouldn't they be ready to come together in a public meeting to take action about any plan affecting the people of the neighborhood? Why shouldn't the local farmers' club be as active in promoting every idea for the upbuilding of the community as the city chamber of commerce is in promoting every idea for the upbuilding of the city in which it is located?

We believe, in fact, that this should be a main purpose of the local club, and to this end we would suggest that the regular program be sidetracked at any time in order to have the members discuss and act upon any matter of neighborhood betterment. Furthermore, we would suggest that there be a special committee to look after each leading subject affecting the life of the community.

At a recent conference in which the writer participated it was agreed that a suitable list of committees for such a farmers' club would be:

(1) *Committee on Farm Production.*—Soil fertility, scientific and progressive crop growing and stock raising; improved tools and machinery and co-operation in their use.

(2) *Committee on Marketing and Credits.*—

(a) Marketing crops and produce.

(b) Co-operative buying.

(c) Rural credits, and thrift.

(3) *Committee on Social Life*.—To encourage all forms of useful recreation, local fairs, baseball and other games; school and neighborhood picnics; Christmas, Easter, July Fourth and Thanksgiving celebrations; corn shuckings; quiltings; debates; musicales; reading circles, etc., etc.

This committee would also be expected to look after the question of good roads.

(4) *Committee on Educational Work*.—This committee, it was decided, would be expected to look after—

(a) Improving the school.

(b) Extension work; lectures; library development, getting books, bulletins, and papers into all homes, etc.

(c) Boys' and girls' farm clubs.

(5) *Committee on Moral Conditions and Improvement*.—To combat all agencies of dissipation or immorality; develop church and Sunday school interests and enlist these in the efforts for community development.

(6) *Committee on Health Conditions and Improvement*.—To study conditions and adopt means for promoting the health of the community.

(7) *Committee on Woman's Work*.—To look after home equipment, to work out plans for household management, home industries, recreation for the farm woman; and so on.

(8) *Committee on Arbitration*.—To settle all disputed matters and to advise as to arbitration of private disputes.

After the committees are appointed chairmen should be required to report progress at each meeting, or failing, unexcused, to report at two successive meetings, should be understood as resigning, and it should also be understood that any member of a committee who is absent without excuse from three successive meetings of his committee would thereby retire himself, the chairman immediately naming a successor.

Of course, if you are going to improve your neighborhood, the first thing to do is to ascertain in what respects it most needs improvement. If you should get sick and send for a doctor and he should come one day and give you a lot of medicine and wait till next day to look at your tongue and

feel your pulse and ask about your digestion and take your temperature, you wouldn't think much of that doctor.

In the same way, if you organize a lot of people interested in bettering your community, the first thing to do is to find out what ails the community. For this reason the very first thing to do is to make a census or "survey" of social, industrial, educational and health conditions. A friend of the writer's, Mr. John W. Robinson, told us recently how his local Union, by paying a competent young man \$1.50 a day, in three days made a remarkable census of the whole community, getting answers to forty-eight pertinent questions from the fifty-eight families in the school district. With this comprehensive information before it, the local Union and its allied club of United Farm Women were prepared to go right to work to meet the community's most pressing needs. They knew how many families were not represented in church or Sunday school; how many children were out of school; how many families took no farm paper, and how many no county paper; how many did not patronize the school library; how many used patent medicines; how many boys were in the corn club, and how many girls were in the tomato club; how many farmers not in the Union and how many farmers' wives not in the United Farm Women; how many farmers had attended the institute the previous year, and how many women the women's institutes, etc.

It is just such information, together with similar specific information as to farming practices, marketing methods and rural credits that every farmers' club should have in definite shape before going ahead with its work.

The writer, as chairman of a state committee on this subject, recently worked out, in collaboration with others, a series of fifty questions bearing on community conditions, and this list of questions has now been used in making the "rural census" in hundreds of school districts.

We are printing herewith a list of these questions as used in a recent survey of one rural county (Moore County,

N. C.), together with the number of farmers answering "yes" and the number answering "no" to each. We would commend these fifty questions to readers as a basis for diagnosing neighborhood life in any section.

QUESTIONS ASKED HEAD OF EACH FAMILY

QUESTIONS	YES	NO
1. Do all your children between six and sixteen attend school? -----	255	27
2. Is any boy or girl in your family attending college?----	6	263
3. Do any of your boys study the school books on agriculture? -----	53	280
4. Do your boys and girls study the health books?-----	149	96
5. Do your children read any library books?-----	211	176
6. Do you take a county paper?-----	189	112
7. Do you take a farm paper?-----	206	112
8. Do you get the agricultural department farm bulletins?	141	140
9. Do you own your farm?-----	269	37
10. Do you belong to a farmers' organization?-----	120	181
11. Does your wife belong to a woman's club?-----	17	136
12. Do you attend the farmers' institute?-----	226	150
13. Does your boy belong to a corn club?-----	10	249
14. Does your girl belong to a canning club?-----	63	234
15. Are you a church member?-----	245	60
16. Do your children attend Sunday schools?-----	226	58
17. Do you own farm machinery in co-operation with your neighbors? -----	72	226
18. Do you co-operate with your neighbors in buying fertilizers, feedstuffs, or other supplies?-----	136	147
19. Do you co-operate with your neighbors in marketing your crops? -----	87	216
20. Do you have a garden all the year around?-----	225	76
21. Do you usually have milk and butter all the year around? -----	250	58
22. Has the farm demonstration agent helped you this year?	60	237
23. Do you buy corn?-----	120	186
24. Do you buy meat?-----	213	120
25. Do you buy hay?-----	42	266
26. Do you raise corn to sell?-----	93	211
27. If you sell corn, are you able to get a fair price for it in cash? -----	187	42
28. Have you pure-bred cattle?-----	95	192
29. Have you pure-bred poultry?-----	140	190
30. Have you pure-bred hogs?-----	142	162
31. Do you sell any hogs, cattle, pork or beef?-----	162	130
32. Is there competition between the buyers of the farm products you sell? -----	79	171

QUESTIONS	YES	NO
33. Do you keep informed concerning prices in more than one market? -----	185	81
34. Have you helped your local bank by depositing your savings in it? -----	119	181
35. Has your bank ever helped you by lending you money? -----	93	181
36. Does the buyer alone determine the grade of your cotton, tobacco, peanut or other money crop? -----	190	108
37. Do you use patent medicines? -----	130	164
38. Is your house screened? -----	106	194
39. Do you sleep with your windows open in winter? -----	171	132
40. Do you get R. F. D. service? -----	218	94
41. Would you favor a reasonable tax for road improvement? -----	234	77
42. Is there a telephone in the house? -----	58	258
43. Do you have to carry water over 100 yards? -----	89	220
44. Is your house insured against fire? -----	60	240
45. Do the boys have Saturday afternoons off for baseball or other recreations? -----	94	165
46. Is the house painted? -----	63	234
47. Are the outbuildings whitewashed? -----	11	273
48. Would you favor larger schools with more children, more teachers, better paid, larger and better house and grounds? -----	191	116
49. Would you favor industrial, agricultural and some high school subjects in your school? -----	243	63
50. Would you favor enlarging the school district by consolidation, with transportation where necessary and voting reasonable local tax to secure these results? --	87	216

In appointing the committees we have indicated for your farmers' club, we would also suggest that you do not make them up entirely of members of your own club. Put on each committee, of course, three or five of your ablest members who are definitely interested in the subject assigned, but add two or three outsiders who you know will do good work as associate members to act with them. Both men and women should be on each committee.

Then arrange public meetings, say once a quarter, or at least twice a year, inviting everybody in the community, young and old, male and female, to attend and join in discussion of the plans developed by the committee—plans for better farming, marketing, etc., and plans for making the neighborhood a better place to live in. At the first public

meeting it will be a good idea to present the results of your census or survey and have local speakers tell what plans for progress they think should be taken up. Both by naming some outsiders as associate members of your committees and by getting other outsiders to attend your public meetings, you will increase the interest in your organization, and by showing that there is real work to be done, win many to membership and activity. Picnic features will also prove helpful.

Now, Mr. Farmer, Mrs. Farmer, seeing what can be done (for if you do not need all these plans you will certainly need some of them), why not set about organizing your neighborhood this year? It's the only way to develop a live community. The New England "town meetings" (township meetings, in fact) did much to make New England great; but in the South and West we have no similar occasions for bringing together all the people of a township or school district.

The best plan is to have a strong graded school and make it the social center of your community, have your club meetings there, and let all the activities of the neighborhood group themselves around the school. But unless you organize your farmers and farm women in some way, nothing else can possibly make your section the progressive community it ought to be.

CHAPTER III

CO-OPERATIVE BUYING IS GOOD; CO-OPERATIVE MERCHANDISING MAY OR MAY NOT BE

Co-operative Merchandising Not the Highest Form of Co-operation—Rules That Should Be Observed in Any Case—When Farmers Are Entitled to Manufacturers' Prices—Why They Should Buy for Less Than Town Patrons—Farmers Should Club Together and Place Monthly or Semi-Monthly Bulk Orders—Better Borrow at 6 or 8 Per Cent Than Pay 10 to 70 Per Cent in Form of "Time Prices"—Co-operative Merchandising a Better Thing to "Grow" Into Than to "Go" Into.

WHENEVER a group of farmers organize, one of the first questions likely to come up is as to whether it is wise to buy a stock of goods and run a "co-operative store." Of course, there is no one answer that can be given to fit all cases. It depends, for one thing, upon whether or not the prospective manager is absolutely known to be a good business man. It depends also upon whether the organization has a large enough membership to insure patronage enough to make the venture a success—in connection with whatever patronage may be safely counted on to come from outside.

And then the prospective stockholders or promoters should also consider this important fact—that farmers almost everywhere can get quotations on short notice and do most of the co-operative buying that is necessary by joining together and ordering what they want and paying cash, without running the risks (and they are big risks for inexperienced men) that are involved in purchasing a stock of goods and hiring a man

to sell them. Of course, whenever and wherever you hire a man to stay with a stock of goods and sell them, his salary must be added to the selling price.

Certainly farmers should not start a new store in an area already abundantly supplied with merchants without first giving the matter very serious thought. In Wisconsin, Minnesota and nearby states a considerable number of co-operative stores are now succeeding admirably, but in most cases it has been the policy to buy out some existing store rather than start a new one outright. "We have enough middlemen already," these wise Western farmers have said. "We don't want to increase the number." If they think a co-operative store is needed they watch their chance and buy out some merchant when he is willing to sell at a reasonable price.

There is one fact that we would emphasize in any case, and that is that buying ordinary groceries and dry goods is nowhere the big and significant form of co-operation to which our farmers must give attention. Consequently, if you and a group of neighbors buy a little stock of calico, plug tobacco, Western side meat, and granulated sugar, and hire a manager to sit down and wait for customers, don't fool yourself into thinking you have then started the best form of co-operation.

Simply taking stock in a proposition like this and waiting for whatever success or failure follows will not develop the co-operative spirit among you; will not make real business men out of you; will not develop the genuine "pull together" spirit among you. It is both more risky and less beneficial than other forms of co-operation. It is more risky than these, even if you are wise enough to sell only for cash—because inexperienced men will not select stock wisely, and because unless you have a big sale your running expenses are likely to more than eat up your profits, and especially because nine stores out of ten will sooner or later invite disaster by selling on credit.

Consequently, while we believe co-operative stores are advisable in many instances, we believe five rules regarding them should always be observed:

(1) They should never be started until a thoroughly safe manager is found;

(2) They should have what seems to be an adequate patronage in prospect—either through superseding an existing store or by taking over the patronage of a co-operative purchasing society;

(3) They should sell only for cash;

(4) They should comprise townsmen as well as farmers; and

(5) They should pay only legal interest on stock and divide all other profits on patronage.

What is probably a wise provision, however, is the plan of giving twice as great profits on patronage furnished by stockholders as on that furnished by non-stockholders—provided every man is free to buy stock. This plan of “double dividends for stockholders” naturally encourages every man to take one or more shares.

Moreover, we repeat that even when all these conditions are met, we regard co-operative merchandising as both more risky and less beneficial for farmers than co-operation with regard to the three bigger and more necessary lines directly affecting farm work and life—co-operation in producing, marketing and financing the farmer's crops. All the three forms of co-operation just mentioned require business thought and foresight and prudence and fellowship on the part of the individual co-operators, and a willingness to pull together and bear one another's burdens—in greater degree than is required in conducting a co-operative store, whose affairs are left largely to the manager. These are the things that develop character and a spirit of brotherhood, a feeling of unity, a capacity for team work—things which our farmers need much more than they need the money they may get even from successful co-operative stores.

To make my position perfectly clear, I think I ought to repeat that I believe every farmer should participate in co-operative buying, but I should not say at all that every farmer should participate in co-operative merchandising. Ordering together certain definite supplies you need in farm work—this may be a very different proposition from buying a miscellaneous assortment of goods and hiring a man to sell them to a miscellaneous body of people. This latter policy may or may not be a desirable form of co-operation; that will depend upon local conditions. But in any case farmers should join together to buy their fertilizers, feedstuffs and machinery, whether bought through a local merchant or from a distant dealer. Upon this point Mr. George W. Russell of the Irish Agricultural Organization Society has well said:

“You must bear in mind, what is too often forgotten, that farmers are manufacturers, and as such are entitled to buy the raw materials for their industry at wholesale prices. Every other kind of manufacturer in the world gets trade terms when he buys. Those who buy, not to consume, but to manufacture and sell again, get their requirements at wholesale terms in every country in the world. If a publisher of books is approached by a bookseller he gives that bookseller trade terms, because he buys to sell again. If you or I as private individuals want one of those books we pay the full retail price. Even the cobbler, the carpenter, the solitary artist, get trade terms. The farmer, who is as much a manufacturer as the shipbuilder, or the factory proprietor, is as much entitled to trade terms when he buys the raw materials for his industry. His seeds, fertilizers, plows, implements, cake, feeding stuffs, are the raw materials of his industry, which he uses to produce wheat, beef, mutton, pork, or whatever else; and, in my opinion, there should be no differentiation between the farmer when he buys and any other kind of manufacturer.

“Is it any wonder that agriculture decays in countries where the farmers are expected to buy at retail prices and sell at wholesale prices? You must not, to save any row, sell the rights of farmers.”

Let us repeat, then, that we believe farmers should always do co-operative buying—but not always co-operative merchandising. We believe in co-operative buying, because farmers are entitled to manufacturers' prices, as Mr. Russell em-

phasizes; and because they are entitled to buy any kind of merchandise together and save the extra expense and labor and bookkeeping that manufacturers and dealers would incur in making separate sales of such merchandise to all these individual farmers. Farmers are also entitled to buy from city stores at lower prices than these stores charge city customers for whom expensive deliveries must be made. As Mr. C. W. Hillhouse of Sylvester, Ga., said in a letter to the writer recently:

"Take our little town. There are perhaps a half dozen of our merchants who cater to the city trade and run delivery wagons, so they have the expense of six men to drive, up-keep of six drays, expense and feed of six horses, when perhaps through co-operation of these six merchants, one dray, one horse and one man could do the work. One lady away out in the residence section, say a mile distant, will 'phone one merchant for a peck of meal, another for a sifter, another for a quart of vinegar. So away go three drays to make these deliveries, where by co-operation one could do it easily."

This is one explanation of the ever-increasing "high cost of living." Of course, the cost of all this expensive delivery service must be added to the prices of the merchandise sold—there is no other way on earth to pay it—and when a town store charges both townspeople and farmers the same cost-plus-delivery prices, the farmers are simply paying part of the cost of this exorbitantly expensive system of free delivery for townspeople. Now if merchants will not co-operate and at least reduce this expense to a minimum, they need not be surprised if consumers, especially country consumers, decide to do more and more co-operating on their own account. As Prof. L. H. Goddard has said in a circular of the Rural Organization Service, United States Department of Agriculture:

"It is probable that very few people realize the unfairness of any store charging farmers the same price for supplies as they charge city people, even though the goods may be sold to the farmers on the credit basis, which perhaps is less often than in the case of city people. The cost of delivering an order of goods from the store to the home of the town consumer will vary from perhaps as low as three cents to at

least as much as 10 cents per order, depending upon the size of the town and the kind of delivery. By a combination of their delivery business so that one set of wagons delivered for 11 stores in a city of 6,000 inhabitants, these stores were able to have seven wagons do the work that had been requiring 17 wagons, and do it even better than it had been done previously. After effecting this combination the cost of delivery per order was cut to about $3\frac{1}{2}$ cents. In a city of 21,000 inhabitants, in which a store kept account of cost of delivery and charged it up to each consumer in accordance with the number of deliveries required, as it really should be in all cases, the cost was from 9 to 10 cents per order. In the first mentioned town there are residents who rarely ever fail to have something on every one of the four daily trips which the stores have been able to maintain on the important streets of the town, since establishing their combination delivery.

"A moment's calculation will show that at the low cost of $3\frac{1}{2}$ cents per order, which probably is not more than half the average of all stores, it costs \$40 or more per year to deliver goods to such a family as the ones mentioned, whereas another family that has two deliveries per week would occasion a delivery expense about one-tenth as great. Where goods are delivered, the delivery charge alone is said to cost town stores from 5 to 20 per cent of the cost of goods sold, depending on size of town and character of goods."

This delivery cost of purchased articles, it must be remembered, is always one of the chief items of expense in piecemeal buying, and it is expensive whether the farmer or the merchant does the work of delivering. When a man and a horse are taken from farm work half a day (as not infrequently happens) to get a few pounds of meat, a pound of coffee, two plow-points, and a few pounds of nails, the delivery cost may be not merely "from 5 to 20 per cent," as in the city, but may even reach 25 or 50 per cent. Farmers ought to consider, therefore, that in buying in piddling quantities, they not only pay higher prices, but the delivery cost is greatly increased or even multiplied. As Mr. E. M. Stickney, a Demopolis, Ala., farmer said recently:

"Is it best for a man to buy what he needs periodically, say once a month, from a wholesale dealer and save the worry and distraction of

frequent and irregular trips to town, and at the same time save the retail man's profit, or is it best to buy what you need just any time you happen to think of it, by piecemeal in a hand-to-mouth way, and pay from 10 to 20 per cent more than you should? Of course, all will agree that the former method is the best. I know, however, of several families in this locality who buy supplies as though they were next door to a grocery store.

"Now tell me, what do farmers, living six miles from any base of supplies, look like buying just enough for two or three days or even a week? They are tearing up the organization of their working force by trips to town, and at the same time losing money by buying in small quantities. All this could be avoided by well-planned purchases, once a month at a wholesale price, and a little trouble in caring for the groceries after they are bought."

Before farmers decide to start new stores of their own in little villages, therefore, it will be well to inquire if it will not be a better form of co-operation to make up monthly orders for the main supplies needed, and place these bulk orders in whatever way will save the most money. Frequently the local merchant will handle them on a small commission.

Ninety-nine times out a hundred, too, it will pay reputable farmers to borrow money from some bank or honest money-lender (preferably a bank) at 6 or 8 per cent interest per year instead of paying at the rate of 10 to 40 per cent a year in the form of "time prices." Only a few months ago the writer sent out a batch of inquiries to several hundred farmers in the South Atlantic and South Central States, including the following questions:

"About how much more do merchants charge for time prices than for cash prices in your community? What per cent extra for six months time?"

Taking fifty replies, without selection, just exactly as we come to them, we find farmers' replies as follows:

Per cent extra charged for six months' time prices: 8-15-5-30 to 100-40-5-20-20-25-10-8-25 to 40-40-40-10-25 to 50-50-20-25 to 50-35-10 to 25-10 to 20-10-15-15 to 25-10 to 50-25 to

40-47-"2 for 1"-8-10 to 50-10-15-33 $\frac{1}{3}$ -"They charge from 25 per cent to grand larceny"-10 to 20-10-4-5-10-15-4-16-20-10-20 to 25-10-20-50-25-10 to 25.

On the writer's own market last spring and summer corn sold for 85 cents a bushel cash and \$1.05 on time, due October 1. Farmers who bought April 1 thus paid an interest rate of 47 per cent a year; farmers who bought July 1 paid at the rate of 94 per cent a year.

From these figures it seems safe to assume that on time prices for ordinary supplies the average charge is 12 $\frac{1}{2}$ to 20 per cent for six months' time, or at the rate of 25 to 40 per cent interest per annum. The same increase is charged on many purchases paid within three months' time, making the interest rate in such cases equal 50 to 80 per cent per year. And with such evidence it should certainly not be necessary to ask whether it will pay to borrow money at 6 to 8 per cent per year and save from 10 to 40 per cent thereby.

Instead of paying "time prices" we should certainly advise any honest farmer to go to some banker or man of wealth and borrow money at a reasonable rate of interest, put it in a bank, and check on it as needed to pay cash for whatever he needs.

Understand us, we do not favor putting all the blame on the merchants. They have to stand so many losses from dishonest and shiftless persons that they must make time prices exorbitant; so exorbitant that an honest man can't afford to pay them—certainly not until he has tried his local banks and exhausted all other efforts to get money at a reasonable rate of interest.

The fact is that whenever you get goods on credit and later pay for them as an honest man, you must always pay for the goods the dishonest man bought on credit and didn't pay for. This is the meaning of "time prices"—this together with the fact that the merchant must always add on still another percentage to cover risks. For ex-

ample, when I lent a cousin on my old homestead farm last year the money to pay for his fertilizer in May, the interest I charged him for the six months was only 3 per cent, while the merchant's discount for cash was 20 per cent—a saving to my cousin of 17 per cent. But this didn't mean that the merchant was charging 17 per cent extra interest for six months. Rather, the 17 per cent interest represented (1) average losses from other farmers and tenants who might not pay for the fertilizer at all, plus (2) a very handsome margin of insurance against the utmost possible loss the merchant might sustain—all to be paid by honest buyers.

Here, then, is the chance for co-operation in buying. Farmers whenever possible must arrange to pay cash for their supplies, and those who have cash or can obtain it will find it profitable to club their orders together once or twice a month. Then if patronage develops and patrons show such "sticking qualities" that it is evident that the day for bigger things has come, it will be time enough to consider opening a warehouse say one or two days a week for the convenience of other farmers and thus making a more serious start into co-operative merchandising.

As Prof. Goddard says in the circular from which we have just quoted:

"In communities in which farmers cannot secure from dealers the proper reduction in the cost of supplies, even when they are willing to limit the service to the economic minimum and to buy for cash, or where the service afforded does not rise to the level of the economic minimum, there are a number of courses open to them:

"1. A simple plan is for a number of individuals, with a common shipping point, to join in sending an order to some available supply house.

"2. With further experience and information such a group of farmers may usually get a better reduction on carload cash orders of such articles as seed, feed, twine, machinery, fuel, salt, flour, sugar, cement, building material, fencing, fertilizer, etc., because of being able to order in many cases directly from the factory or producer, or from a source of supply very close to the producer.

"3. If desired this group of farmers may make available some building at or near the local shipping point which would serve as a warehouse for storing supplies in case the car arrives when the people are very busy, or the roads very bad, or in case part of the carload would not be needed until later in the year.

"4. In some cases where these warehouses have been established it has been found necessary to appoint some one to keep them open on stated days, afternoons, or evenings of each week or month. In a few cases, at least, these warehouses have gradually grown into stores which were kept open most or all the days of the week.

"5. Still another plan is to establish a farmers' mercantile corporation or a farmers' co-operative store—raising the capital for same in the usual way, by selling shares."

Some further good counsel as to how to conduct the warehouse of the purchasing society is given by Prof. Goddard in the following paragraphs:

"If it seems wise to establish a warehouse, as mentioned in item 3, it must be borne in mind that one of the primary purposes of the warehouse is to promote economy, and, therefore, that proper economy is necessary to every state of the work. For example, it will usually be possible to secure for warehouse purposes, at a moderate rental, some old building that will be good enough to protect its contents from storm and intruders. The higher the rent the more it will be necessary to add to the price of goods that are stored. By all means avoid raising money to buy a building for this purpose until the business is well established and it is badly needed."

"If the practice develops of shipping in material to supply future needs, it may be necessary to open the warehouse more frequently, for example, Saturday afternoons and several evenings each week, and with the further development of business of this character the building will need to be opened still more frequently and continuously. Just when the warehouse will arise to the dignity of being called a 'store' will be hard to determine. It might perhaps better continue to be called a warehouse, no matter how much business of that character it does, since most people have come to associate the much more elaborate and unnecessary service with the name 'store,' and by retaining the name 'warehouse' the organizers and those who later become interested will continue to keep in mind that one of the purposes for which the movement was started was to cut down service and corresponding expense."

In other words, Prof. Goddard's conclusion, like our own,

seems to be that farmers may be sure they ought to do co-operative buying, but ought not to feel so sure that they ought to do co-operative merchandising. And where the co-operative store succeeds it is usually when the people "grow" into it rather than "go" into it. Begin at least with co-operative buying.

CHAPTER IV

RURAL CREDITS AND CO-OPERATION

Not All European Ideas Are Adaptable Here, but Some of Them Are—"Amortization" Explained and Illustrated—Every State Should Adopt the Torrens System of Registering Land Titles—We Must Make It Easy to Save Money as Well as Borrow It.

ADAM SMITH observed in his "Wealth of Nations," written in 1776, that "since the downfall of the Roman Empire the policy of all the great European nations has been more favorable to manufacturing, the industry of the towns, than to agriculture, the industry of the country."

If the celebrated English economist were still living he might truthfully make the same observation as being good to this day, and he might include America along with the European countries in his statement. And he might further cite the banking system of the United States these last hundred years as a fine illustration of how the government as a rule has calmly formed its statutes for the benefit of the city man, placidly assuming that the tillers of the soil have no rights that urban interests and lawmakers are bound to respect. Until the new currency legislation of 1913, for example, National banks might not lend money on land at all, and if the farmer managed to present other satisfactory security, he could get money only for three or four months at the time, whereas in farming one usually needs money for a longer period or not at all.

I

In recent years, however, a number of European countries have worked out more or less satisfactory rural credit

systems, and while some European plans (such as the unlimited liability of members in Raiffeisen banks) would not be popular in this country, there are certain European methods our American farmers should take advantage of.

One of these is the amortization plan of farm loans, such as the writer found in operation in Ireland and on the Continent, whereby a man may buy a farm and pay for it in small annual or semi-annual installments running through 10, 20, 40 or even 60 years, each installment amounting to little more than legal interest, but gradually reducing the principal until all is paid. It's the building and loan idea of "Buying Your Home With Rent Money." Thus, in Ireland we found land which had been sold to the farmers, the government advancing the money on payments running 68 years, the buyer to pay $3\frac{1}{4}$ per cent a year, $2\frac{3}{4}$ per cent counting as interest and $\frac{1}{2}$ per cent a year going to pay off the debt. (Of course, $2\frac{3}{4}$ per cent interest is ridiculously low, and probably no government for a hundred years will ever offer so low a rate again.) In New Zealand a man can pay for land by paying 5 per cent a year interest and 3 per cent a year on the principal for twenty years.

Amortization, of course, is simply the principle of compound interest in reverse action—working for the benefit of the borrower instead of for the benefit of the lender. For example, interest on \$100 at 6 per cent is \$6 a year. But if you agree to pay \$9 a year (which is equal to 9 per cent a year on the original \$100 principal) you would at the end of the first year reduce the principal to \$97, so that the interest the second year would be on only \$97 instead of \$100—or \$5.82 interest instead of \$6 interest. In other words, the second year you would have \$3.18 left to apply on the principal, reducing the balance due to \$93.82—and so on. Each year the principal would become smaller and the interest correspondingly smaller and the payment on the principal correspondingly greater, until the debt would be cleared up.

In order to make the idea perfectly clear, we submit herewith a table we have worked out showing just how with money at 6 per cent you could borrow money under this plan and by paying 9 per cent a year on the original amount pay off the whole debt, whatever it was, in 19 years. Let us take a \$100 loan as a basis. If you wish to see how it would work with a \$500 loan, simply multiply each figure in the table by 5, or for a \$1,000 loan, multiply by 10, and so on.

PAYING OFF A \$100 LOAN BY PAYING \$9 A YEAR, INTEREST AT 6 PER CENT

Year	Interest due for the year	Rest of \$9 Pay't left for principal	Total pay't on principal to date	Balance due on principal
1st-----	\$6.00	\$3.00	\$3.00	\$97.00
2d-----	5.82	3.18	6.18	93.82
3d-----	5.63	3.37	9.55	90.45
4th-----	5.43	3.57	13.12	86.88
5th-----	5.21	3.79	16.91	83.09
6th-----	4.98	4.02	20.93	79.07
7th-----	4.74	4.26	25.19	74.81
8th-----	4.49	4.51	29.70	70.30
9th-----	4.22	4.78	34.48	65.52
10th-----	3.93	5.07	39.55	60.45
11th-----	3.63	5.37	44.92	55.08
12th-----	3.30	5.70	50.62	49.38
13th-----	2.96	6.04	56.66	43.34
14th-----	2.60	6.40	63.06	36.94
15th-----	2.22	6.78	69.84	30.16
16th-----	1.81	7.19	77.03	22.97
17th-----	1.38	7.62	84.65	15.35
18th-----	.92	8.08	92.73	7.27
19th-----	.44	7.27	100.00	None

Most amortization plans also provide that the borrower may make heavier payments at any time or pay off the entire principal and save all future interest.

It is easy to see how such a plan would stimulate thrift, industry and enterprise. Thousands of people unable to buy land under present conditions would purchase under

such an amortization payment plan as we have mentioned; thousands who are unable to tile-drain their lands, or drain swamps, or build silos, or build worthy homes, would enter the door of hope thus opened to them.

Of course, we can hear some people say that many would borrow foolishly. That is undoubtedly true, but it does not seem likely that very many more would borrow foolishly than now, when we recall the thousands of poor people who are slaves to the credit system and to loan sharks. And if a man borrows unwisely under this plan, there would be hope for him and his family to escape the burden of debt in time, whereas under the present mortgage system, foreclosure continually stares them in the face.

II

If our farmers are ever to borrow money profitably on land security, however, they must have everywhere a better system of registering land titles—something like the now famous Torrens system. In Germany, for example, the writer was told over and over again that no satisfactory rural credits plan would ever have been evolved but for action of this kind.

Now, the difference between ordinary methods of land transfer in America and the Torrens system may be explained very briefly.

Under our present antiquated system, every time a piece of real estate changes hands, some lawyer must examine into the legality of the title. Old records, running back sometimes for hundreds of years, must be searched at great labor and expense; and the next time the property is sold, and the next, and the next, the same identical work must be done over again, and other big lawyers' fees paid—a system as foolish and uneconomical as paying a man to carry a brick from one side of the street to the other and back again and again interminably.

Now the Torrens system proposes that instead of this perennial investigation of the same thing, this unending, Sisyphus-like job of rolling the stone uphill and then letting it roll straightway down again, and all to no purpose save the paying of unnecessary fees to lawyers who might better serve their fellows in some other way—instead of all this, we say, the Torrens system proposes that the State shall examine the title once for all, guarantee it, and register it, so that forever afterward it may be transferred almost as easily, quickly and cheaply as a government bond or a share of stock in an incorporated company. The original cost of a Torrens deed, even including the little tax for the guarantee fund, would hardly exceed the present cost of two title investigations; and ever after the farmer would be able to transfer his property or secure loans upon it, at from one-fourth to one-twentieth the present cost.

The Torrens system is now in force in several states with good results. The writer has personally investigated its satisfactory operation in Massachusetts, Minnesota, Illinois, North Carolina, the Philippines and Hawaii.

As for the technical side of the matter, the special procedure necessary in a Torrens title case has been very clearly summarized by one authority as follows:

“The owner of real estate makes known to the clerk of the court of the county or city in which the real estate is located his desire to have the title of the land certified and registered. Whereupon the clerk issues a summons, running in the name of the State, to all persons who may be interested in the real estate to come forward and protect their rights and interests therein, if any they can show.

“After their summons has run due length of time, the examiner of titles for the district in which the land is situate, a duly appointed public official, takes the petition, goes to the records and makes careful and exhaustive investigation. Upon completion of the investigation, he makes report to the judge. Whereupon the judge sets a day for hearing and all parties claiming an interest in the title under investigation are notified to appear in court and set forth the nature and extent of their claims.

“The title having been established to the satisfaction of the court, a decree is handed down certifying that the petitioner has title in fee

in the land in question, the boundaries of which are registered, and an order is entered directing the clerk to make an entry of the title upon a book set apart for the purpose, as a registered title secured by the guarantee of the State.

"Thereafter for all time the certificate of registration stands as a guarantee of the soundness of the title no matter how often the land may change hands or how much it may be sub-divided: no further examination of the title, with the always greater or less expense attaching thereto, is ever required."

III

It must never be forgotten, however, that enabling land-owning farmers to borrow money on their real estate solves only one form of the rural credits disease. There are three other highly important phases of the problem, as follows:

1. Provision must be made for lending money for short time on personal credits.
2. Provision must be made for helping worthy tenants or settlers buy land.
3. Provision must be made for encouraging and accumulating farmers' savings to be lent out to other farmers.

In most sections of the country probably the best thing a modern system of rural credits could do for us would be to provide a means of escape from the supply merchant's ruinous "time prices." For the fact is that as a general rule it has not been the paying of 6 or 8 per cent interest on debts that has caused farmers to lose their homes, but paying from 10 to 40 per cent as extra charge for "time prices" on supplies.

Mr. J. Z. Green, one of the best known Farmers' Union organizers in the South, points out how our farmers furnish rope to hang themselves with. Here is the process as he gives it:

"It is a well-known fact that a large per cent of our farmers do not know what to do with surplus money when they happen to get a little ahead. So they deposit it in the banks at 4 per cent. The banks in

turn lend it to the time merchants, and the time merchants, being law-abiding citizens, refuse to lend it to less fortunate farmers in violation of the 6-per-cent-interest law, but invest it in groceries and then lend the groceries to the needy customer at the moderate rate of from 30 to 50 per cent interest. Beautiful system, isn't it?—for the time merchant. Under this 'system' the few farmers who, by denying their families of many comforts, and conveniences of life, manage to acquire a little cash surplus, immediately turn it over to the time merchant to capitalize his private money-making business."

The remedy, of course, is for farmers to stop getting 4 per cent to the hurt of their neighbors, and begin getting 6 per cent to the help of their neighbors. Without adopting the "unlimited liability" feature of the Raiffeisen system of Europe, farmers can form co-operative societies along very simple lines, as for example:

1. Ten or more farmers can take stock with shares at \$25 each—totaling say \$500 or \$1,000 or \$2,000 in all.

2. Let the money be lent to members at legal interest rates for productive purposes only—the judicious purchases of live stock, fertilizers, or machinery, for example, or some other useful purpose.

3. Require the borrower to give security worth twice the loan, or to be indorsed by two members with satisfactory property—or both.

4. Limit the amount that can be lent to any one farmer to \$50, \$100 or \$200, as may seem best.

Or, perhaps the credit union may take the form of a rural building and loan association or "land and loan association." In any case, the rural credit organization must not ignore the fact that the rural credits problem is not wholly a matter of helping the farmer get money. Helping him save money is another big matter. Habits of thrift and economy must be encouraged, as Mr. Bradford Knapp is always and wisely urging. Consider, for example, the Raiffeisen banks in Europe—the little credit societies in which farmers have deposited \$10, \$25, \$50 or \$100 each to be re-lent to members: they have probably helped the farmer as much by

giving him a start toward financial independence through saving as in delivering him from "time prices" bondage by lending to him.

Whatever is done with regard to loans on land, therefore, we must work out some system for encouraging and pooling the farmers' savings and using these savings to build up farm life.

CHAPTER V

WHY I BELIEVE IN THE FARMERS' UNION, GRANGE, ETC.

*"Dangers" in Farmers' Organizations—But in No Other Way
Can We Develop New Rural Civilization—Unions Favor
Both Scientific Farming and Scientific Marketing—The
Grange and Society of Equity Approved*

YOU ought not to have anything to do with the Farmers' Union," said a prudent, far-seeing business friend to me some time ago. "The Union will get mixed up with politics or will go after some impracticable schemes or will die out like the alliance."

For once I confess I felt a little vexed with my friend; and my answer ran something like this: "I don't know whether it is prudent financially or not. Quite likely it is not. I know that the farmers are not used to working together. I know that they are likely to be misled at times. I know they may sometimes have their prejudices aroused and turn down their truest friends at the behest of some demagogue. I know, too, that being untried in business, they may want to go off into some big, alluring, high-sounding scheme that will not work, instead of devoting themselves to neighborhood co-operative enterprises and building up from them.

"I know all this," I continued, "and I know if my aim were simply to make money we might well let the Farmers' Union go; or simply say that it is a good thing, and all farmers ought to join, etc. But I cannot be content with any such attitude. I am fighting not merely for better farmers and better farming methods, but for a new rural civilization. It is not enough to help our farmers make more money; they must

be helped to a new economic and social life. And to accomplish this result there must be organization. The farmers must meet and work together. I don't doubt but that they will make many mistakes. We all do. But as I see it, it is the duty of every farmer and every man who is patriotic, eligible and who loves our farmer folk to join the strongest farmers' organization in his section and help keep it from making mistakes instead of standing aside, predicting disaster, and waiting for a chance to say, 'I told you so!'"

The writer speaks with such enthusiasm of the Farmers' Union because it is the strongest farmers' organization in the South and Northwest. Readers in the New England or Middle States may accomplish as much through their local granges or societies or equity. But in any case we see many advantages in having a local farmers' club linked up with some general organization. You will accomplish more and your influence will extend farther. If you get benefits by combining individual farmers in a club, will you not get even greater benefits from combining individual clubs into a general federation?

I

What we ought to aim at all over America is the development of a great rural civilization such as Sir Horace Plunkett has wrought out in Ireland, and such as others have wrought out in Denmark, and I see no way to work out such a great rural civilization, no way to have such a development of rural education and rural co-operation, except through the organization of the farmers. "How shall they hear without a preacher?" There are ten thousand co-operative enterprises that should be established, but the first thing to do is to get the people together to discuss their advantages; if we can get the people to meeting regularly together in every school district to discuss co-operation and how to co-operate, the co-operation itself

will surely follow—co-operation that would take a generation longer to get if we were without a missionary organization to start with.

And we are fortunate in that the Union has learned the lesson taught by the experience of other farmers' organizations. It has learned the great folly of depending upon political or governmental help instead of self-help as the way out.

Education and Co-operation—these are our two great needs! This must be our motto and our shibboleth. The longer I live the more I honor the memory of old Newt Gresham and those other plain, simple farmers who formed the first Farmers' Educational and Co-operative Union away out on the Texas plains and wrote its Declaration of Purposes! At times it would seem as if they acted by direct inspiration. The Farmers' "Educational and Co-operative" Union, they called it—called it so to forever emphasize the idea that education and co-operation, these two things and these two only, should be the supreme aim of the organization. And at every local Union meeting and at every county Union meeting, it seems to me, the one big pre-eminent question should be, "What can we do in the line of education and co-operation? For this is what we are here for—for education and co-operation and nothing else."

"The greatest result of agricultural co-operation in Ireland," as Sir Horace Plunkett once said to me, "is not the profits we have made, but the fact that we have made business men of farmers." They have worked out a new civilization—have learned to believe in themselves and in their neighbors, have learned to do team work, have gotten the power and profits of united effort; and their co-operation in business is making them capable of doing anything and meeting any situation that may arise.

And the great secret is that Irish co-operation has begun at home—as it must always begin at home to be perma-

nently successful. The place to begin co-operation is with your next-door neighbor. Mr. J. R. Rives told me the other day of two neighbors near him who had a horse apiece and had been making twenty bushels of corn per acre with hard work and one-horse tools. Last year they joined together, bought a disk plow and disk harrow, and plowed and harrowed and cultivated as never before, and made forty bushels of corn per acre. That's a sample of the sort of co-operation millions of our farmers need to do, co-operation which begins at home and helps the members of one's own local.

This is the view taken by the North Carolina Farmers' Union, the strongest State Union in America, in a notable new step which we believe other organizations in other states will do well to emulate. Nearly \$500 in prizes has been offered to locals that make themselves leaders in community betterment, as follows:

No. 1—To locals making best report of work done by them for development of community spirit through social entertainments, educational rallies, and all enterprises calling for brotherhood and the "get-together" spirit, a first prize of \$50, a second prize of \$25, and two prizes of \$10 each.

No. 2—To locals reporting best system of co-operative marketing of products raised by its members, a first prize of \$50, a second prize of \$25, and two prizes of \$10 each.

No. 3—To locals making best report of a survey of educational, agricultural, religious, economic and social conditions of the community, a first prize of \$25 and three prizes of \$10 each.

No. 4—To locals making best report of work in co-operative purchase and ownership of pure-bred live stock, a first prize of \$25, and three prizes of \$10 each.

No. 5—To locals making best report in co-operative ownership of implements and machinery, a first prize of \$25, and three prizes of \$10 each.

No. 6—To locals making best report of work in developing the reading habit among the people of the community, through libraries, books, papers and education of adult illiterates, a first prize of \$25, and three prizes of \$10 each.

No. 7—To locals making best report of work in increasing membership, increasing interest in the meetings, and the general usefulness of

the local to its members, a first prize of \$25, and three prizes of \$10 each.

A special certificate of honor will be given to the local in each county that makes the best report in any particular, whether it wins a prize or not.

II

Another thing I like about those wise men out in Texas who formed the Farmers' Union: they were not little, narrow, one-idea men, but laid a broad and sound foundation for it and said once and forever in its "Declaration of Purposes" that the aim of the Union is both to help farmers in marketing, buying and selling, and also "to educate the farming classes in scientific farming," "to discourage the credit and mortgage system," and "to bring farming up to the standard of other industries and business enterprises."

No man is a good Union man, therefore, who says there is no need of "educating the farming classes in scientific farming," just as no man is a good Union man who says there is no need of educating them in scientific marketing. The Union rightly says we must have both. We have been poor despite our hard work, both because we have lacked "education in scientific farming," and also the advantages of co-operation and marketing.

Consider this fact, for example—that our farmers in the South have lived under the same general government, the same general marketing and economic conditions, as the farmers in the North and West. And yet the census figures prove that chiefly because of the better farming methods in the North the average North Atlantic States farmer earned in 1900 \$984, while our average South Atlantic States farmer earned only \$484—\$500 a year less than his more scientific northern brother; and at the same time the average North Central States farmer earned \$1,074, while our average Southern Central States farmer earned

only \$536—\$538 a year less than the more scientific northern farmer.

On the whole, I insist that the average southern farmer can make \$500 more a year by better farming methods and \$500 more a year by better methods of co-operation and marketing—and what I want us to do is to get both \$500 gains. An extra \$1,000 a year per farm is what we must have to build up a great rural civilization in the South.

And instead of the man who is trying to get the extra \$500 by co-operation and marketing throwing stones at the man who is trying to get the extra \$500 by better farming, let them work together. That's what the Farmers' Union says, and it is the policy all farmers should fight for.

To make my meaning clearer, let me give another illustration. Cotton manufacturing is like farming, in that in both industries there are continual improvements in methods, in machinery, and in marketing. Now suppose a southern cotton manufacturer were losing money and should join with his brother manufacturers to market his goods co-operatively. That would mean more profit, no doubt, and would be a wise move, just as it is a wise move for our farmers. But suppose this same manufacturer kept on using out-of-date machinery, unscientific methods, an uneconomical system of production, while northern manufacturers kept on improving their methods, using better implements and machinery, etc., etc. And suppose his manufacturing paper kept on telling this southern manufacturer of improved scientific methods of production, of labor-saving implements and machinery that other manufacturers were using, and kept saying to him, "We must use as good methods as northern and western manufacturers use or we will be put out of business." But suppose he should then say, "I am going to stop reading that paper. I am tired of so much teaching about better methods of manufacturing. All I want is a new marketing plan. I can use the same sort of manufacturing methods my grand-

father used." The best system of marketing on earth wouldn't save that manufacturer from bankruptcy, poverty and ruin.

It's the same way with our southern farmers. They may adopt the best marketing system on earth, but they must also do better farming or lose out in competition with other sections. And American farmers must adopt the best methods or lose out in competition with the educated, alert farmers of foreign countries. We sometimes seem to fall into the foolish notion that farmers in our immediate section are the only ones there are on earth. The truth is, that the locomotive and the steamship make us competitors with farmers all over the world. A man can get plenty of labor in India to work cotton at 10 to 15 cents a day, and our southern cotton must compete with Indian cotton. In food and feed crops, we must compete with the wide-awake farmers in Europe and Canada. In growing cattle, we must compete with farmers in South America—and it is said that next year South America will even send corn to the United States.

Moreover, we in the South also have to consider another big fact that cannot be too strongly emphasized. This is that we can never, never market cotton or tobacco effectively until we get better farming, so farmers can grow their own corn and feed and so escape the mortgage and credit system. For it is an admitted fact that the system of buying supplies now throws our staple crops pell-mell on every autumn market, and ruins every attempt at regulated, systematical, scientific selling of these crops.

Better farming, therefore, will help us get better marketing, and both plans must go along together, as the Farmers' Union founders so wisely foresaw.

CHAPTER VI

SOME FARMERS' CLUBS I HAVE KNOWN, AND THEIR WORK

First, Co-operative Ownership of Threshers, Manure Spreaders, Mowers, Stalk Cutters, etc.—Co-operation in Marketing Cotton Seed—A Clover Huller Success—A Club That Owns a Registered Bull—Last and Best of All, Co-operative Produce Marketing

LET me give a few examples of what some farmers' clubs I know are doing. To begin with, here is a letter from the secretary of a local farmers' union in a neighborhood I visited recently, which shows exactly what ten thousand farmers' clubs and ten thousand rural neighborhoods all over the country ought to be doing all the time. This is what the secretary wrote me:

"Broadway Union, No. 1089, has twenty-three members, and we have been doing things this year. We have bought for cash \$1,850 worth of fertilizers, a threshing outfit at a cost of \$750, lime and fertilizer distributor, and have bought together what grain we had to buy.

"We have a progressive neighborhood and our people believe in co-operation. For instance, two of our members own a manure spreader and two other members own a wheat drill. They all four use the two machines. Therefore each man gets the use of these two machines at one-fourth the cost of each man owning a separate machine—and if taken care of, a machine will last just as long with four using it as one, for the less a machine is used, the more it will rust.

"We have several binders in our local, each owned by two or more individuals, and several mowers and rakes owned the same way. Five own a stalk cutter, and five own a steel roller. Our neighborhood is thickly settled, and it is almost as convenient to own such machines in co-operation, as mentioned, as to own them separately, and a good deal more convenient to our pocketbooks sometimes!"

This practical test of co-operation in the purchase of

improved farm machinery is better worth attention than any theoretical argument against the workableness of the idea, such as one of my friends recently put forth. Of course, there should be a definite understanding in the very beginning as to the rules which will be observed by the joint owners, and these rules should be *set down in writing*. For example, it should be prescribed:

(1) That the machine should be kept under cover when not in use.

(2) That a member should pay for any breakage occurring while in his care. Of course, if a broken part was partially worn out when the member took it, he should pay only the depreciated value of the portion broken.

(3) That in case more than one member should wish the use of a machine at a time, members shall take first choice in rotation. Suppose, for example, there are four members. The simplest and most easily remembered plan is to let the man who has first choice in the beginning have second choice the second time, third choice the third time, fourth choice the fourth time, while the fifth time he would begin first again and repeat as just indicated. The plan would give all an absolutely equal deal in the long run, each man having exactly the same number of first, second, third and fourth choices as follows:

NAME OF FARMER	—HIS CHOICE ON EACH OCCASION—			
	First time	Second time	Third time	Fourth time
Farmer A-----	1st	2d	3d	4th
Farmer B-----	2d	3d	4th	1st
Farmer C-----	3d	4th	1st	2d
Farmer D-----	4th	1st	2d	3d

In the next place, a good example of how collective marketing of produce pays is afforded by the Mecklenburg County, N. C., Farmers' Union. Up to five years ago the farmers had received only 1,400 pounds of meal in exchange for each ton of seed. The Union farmers then voted to hold their seed and to put them back in the ground if the

mills would not give them a "ton of meal for a ton of seed." The non-Union farmers decided they would get some of the benefits the Union held out for them, and began holding, too. The result was that in about two months' time the mills surrendered to the farmers' demands.

This plan held good for two years, but at last the mills took advantage of the farmers' indifference and reduced to 1,800 pounds the quantity of meal they would give in exchange for a ton of seed.

Thereupon, however, the farmers revolted again, and planned an even more effective pooling arrangement than before. The Union members began consigning their seed to their county business agent and he very quickly obtained terms of even exchange—"a ton of meal for a ton of seed"—from the Mecklenburg mills.

Another fine illustration of how the members of a local club can work together came to light when I was on a visit to my old home county a short time ago.

Seeing that clover seed were so high, and that the land needed clover so badly, a group of farmers there got together and subscribed \$500—fifty shares at \$10 each—to buy a clover huller. Then at the right season they hired a traction engine to take it from place to place (just as they would a wheat thresher), and set it up at some man's barn staying two or three days and doing the work for him and all his clover-growing neighbors. They charged four cents a pound for hulling crimson clover, and five cents a pound for red, making it cost \$2.40 a bushel to hull the crimson clover seed and \$3 the red—not a big charge in view of the fact that crimson clover seed were then selling at the neighboring store at \$10 a bushel and the red at \$18 to \$20. One farmer took over his crop to be hulled, saying, "I reckon this pile ought to hull me out a bushel of seed, and that's \$3," and found instead that he had six bushels and his bill was \$18! At first he felt like he was bankrupted until he recalled that he could sell his product for about \$100!

Now all sorts of good results have followed this experiment in co-operation. Best of all, all the farmers round about are growing clover as never before, and last spring it was a joy to ride over beautiful fields knee deep in clover where they were formerly bleak and barren. But more than that the scheme paid—paid like a gold mine. When the managers wound up the season's business, they found they had paid all expenses and had a handsome dividend for every stockholder. In fact, the profits were so good that this year the price of hulling will be reduced.

When away over in the Blue Ridge Mountains a few weeks ago the news that came to me as to the activities of the local Union there was that its members had joined together and bought a pure-bred bull. Now, if other locals in the same county will go a step together and add the co-operation of groups of farmers to the co-operation of individual farmers, the problem will be solved. Only recently we came across a farmer's complaint to the effect that farm papers are always telling farmers to get pure-bred cattle, whereas he said nine-tenths of them are too poor to buy the high-priced sires. But the remedy, as Mr. H. W. Collingwood pointed out to the farmer-critic, lies in the co-operative breeding associations so popular in Europe:

"Half a dozen neighbors combine and buy a good bull. The cost to each one is not large, and the bull can be used in several herds. This works out well in parts of Wisconsin. After the bull has been used three years there will be found another community ready to change, so that new blood can be used. In this way and through this form of co-operation farmers who could not afford to buy a first-class bull alone may combine and thus obtain the best. This is no dream or theory—it is being worked out in many communities where farmers have learned to combine their efforts and live and let live. It is just another illustration of the fact that poor, individual farmers may find some relief from their hard necessities by co-operation."

The writer is also a stockholder in a very interesting farmers' marketing association promoted by a local club.

The whole plan, in fact, of this particular marketing association seems to me to deserve the most careful consideration of farmers everywhere. The movement had its origin when a group of farmers, being much disadvantaged in marketing their produce, got together and agreed on an experimental form of co-operative marketing. The plan in brief was this:

1. One member was employed (with his team) to take the produce of all members to town twice a week.

2. Three central concentration points along the route (homes of members) were agreed upon, say about two miles apart, at which the farmer members were to collect their stuff. In applying this principle, we will suppose, for example, that there is a group of farmers along a market route running from three to nine miles from the town. Well, the farmers will agree to have three central stations—one eight, one six, and one four miles from the market. The night before the selling agent is to make his trip to market each farmer will take whatever he has to sell to the nearest concentration or collection point.

3. For this service the selling agent was paid a commission of 15 per cent on all sales.

Now, let us see how this plan worked. It naturally had three important results.

First of all, the farmers got their stuff on the market for half the former cost. Previously, if a farmer had a dozen cabbage, or a couple of hams, or half a dozen chickens, or two dozen eggs, he had to make the trip himself or send a hand in order to effect a sale. The cost of marketing might absorb all the profits of the sale. Certainly the cost of marketing under this method was not half the average cost under the old individual method of marketing; I suspect that one-third would be a more accurate estimate.

In the second place, farmers marketed much stuff that would never have been marketed at all with the policy of having every farmer act as his own salesman—could never have been profitably marketed at all. For example, for-

merly a farmer might have had a bushel of peas, or three dozen tomatoes, or a half bushel of lima beans. He would naturally have said, "I can't make a trip to town just to take them," and thus would have left this surplus product to rot; whereas under the plan we are considering he could easily have sent it a mile to the nearest collection station for the selling agent to market next day. So the co-operative marketing plan not only cuts the cost of marketing in half, but it converts into money many surplus products on the farm that would, in fact, never be marketed at all under other conditions.

In the third place, the selling agent being employed for a large part of his time and marketing a great variety of stuff, naturally keeps up with prices as it is impossible for the individual farmer to do. Go into your nearest city tomorrow and you may find farmers selling eggs or chickens or apples at half a dozen different prices. The farmer who has only a dollar's worth or so of produce cannot take time to find out the real market value of the product, but a regular selling agent can.

Moreover, the selling agent, because he makes regular trips and has fresher stuff, can easily develop a regular line of customers as the individual farmer could not; and, finally, the selling agent can, in a measure, grade his products himself (with certain handicaps owing to variety of ownership), and can easily teach his patrons the value of grading.

This plan as tested out a year ago had such advantages that a larger and better system is now being developed. Instead of having one of the members give two days a week to the work, a man is to be employed to give all his time to it. A co-operative stock company (with dividends payable on patronage) has been organized and the further details may be quoted from the following official circular setting forth the plan of organization:

"The necessary stock having been subscribed, the stockholders would meet and effect a permanent organization by electing such officers as would be needed for conducting the business—President, Vice-President, Secretary, Treasurer and a Board of Directors. The Board of Directors would elect a Manager, who would conduct the business under their direction. The Board of Directors would define the Manager's duties and pass on all operating expenses before being paid.

"The Board of Directors should rent a storeroom or warehouse at the basing point, where the Manager could have an office and ample room for storage and handling the business. They should employ a competent man for his full time to collect and market the produce for the members.

"Ample equipment should be provided by the Board of Directors for carrying on the business and should consist of spring wagon, harness, auto wagon, etc., for collecting the products on the routes, and for marketing these products as rapidly as possible.

"Also refrigerator butter crates, milk cans, etc., needed for handling perishable goods in warm weather, also whatever office fixtures necessary for keeping accounts, etc.

"Routes should be established from the basing point covering the territory where the patrons reside, and should go to or near their homes. These routes can be provided to serve the territory north, east, south and west of Harrisburg. Collections and marketing can be done on alternate days, making one collection a week on each route, and marketing three days each week.

"After all expenses, including salaries, interest, rents, incidental expenses, etc., have been paid from the profits, and there is still a surplus on hand, it should be pro-rated among the patrons according to the amount of products they have furnished the association. Mr. A. furnishes twice the value of products as Mr. B., therefore he shares twice as great in the division of this extra profit.

HOW PATRONS ARE PAID FOR PRODUCTS

"The collector will give each patron a ticket for whatever products he collects from him each trip, and take a duplicate ticket back to the office. The Manager keeps an itemized account for each patron, every two weeks he sends his patrons cash or check for the products furnished the association for the two-week period preceding. The patron having his tickets given him by the collector, can at a glance tell whether his pay is correct or not. Any mistake can easily be detected and rectified at once."

CHAPTER VII

HOW TO ORGANIZE A CO-OPERATIVE SOCIETY

Thirteen Principles of Successful Co-operation That Should Never Be Ignored—How to Get a Charter—A General Form of By-Laws Which May Be Varied to Suit Local Needs

THE writer is constantly receiving requests as to how to organize a co-operative society, how such a company should be incorporated, and what should be the form of by-laws, etc. There are undoubtedly many communities where farmers would like to start some co-operative effort, but they delay the matter a great while, or indefinitely, simply because no prospective member has had any experience in organizing or incorporating a company. They merely lack information as to how to begin.

Perhaps in the very beginning we should call attention to some fundamental rules that should be accepted in forming a co-operative society (rules based on the long and varied experience of great numbers of co-operative groups), unless clearly unsuited to local conditions. This statement of the fundamental principles of co-operation, which originated in slightly different form with the Right Relationship League, I believe, is as follows:

1. That each shareholder shall have only one vote, regardless of the number of shares held. No proxy voting shall be allowed.
2. That shares shall be of low denomination (\$10 or \$5 being common figures) and may be paid in small installments, if necessary.
3. That the association may have the prior right to purchase shares when the owner wishes to sell.
4. That all goods and produce shall be bought and sold on the cash system and at prevailing prices. Cutting prices is discouraged.

5. That before paying dividends a sufficient amount shall be allowed for the depreciation of stock, fixtures and buildings.

6. That a small surplus may be set aside for enlargement, or as a reserve for a less prosperous season.

7. That a small amount, say 2 per cent of net profits, may be set aside for educational purposes to promote a better understanding of the cardinal principles of co-operation, its ethical and economical benefits, etc.

8. That capital stock shall be paid a certain fixed and reasonable rate of interest, usually only the legal rate.

9. That the remaining profits shall be divided among the members and customers in proportion to their patronage.

10. That one-half as much dividends shall be paid to non-members as to members on patronage.

11. That the door shall not be shut in the face of any eligible and worthy applicant for membership. No matter if you have become too prosperous to really need further stockholders, he should have the right to purchase one share of stock and become a member. This is true brotherhood.

12. Except in rare cases, a new co-operative enterprise, whether store, creamery, warehouse, elevator, cannery or what not, should not be started in a community where enough such enterprises already exist to serve the people amply. Instead, the prospective co-operators should bide their time and buy out some existing enterprise when the owners are willing to sell at a reasonable price.

13. All agreements, contracts, understandings, etc., should be put into writing, and in case of disagreement at any time the matter should be settled by arbitration, each side selecting an arbitrator and these two arbitrators agreeing on a third man to act with them.

And now as to getting your organization into legal shape. Of course, there are many general lines of co-operation, such as the buying of supplies without a store or warehouse, or the selling of farm products on a small scale, which can usually be safely carried on without incorporating a company. If you are going to undertake any really important line of co-operation, however, the first thing to do is to get a meeting of interested persons, name a temporary chairman and secretary, and proceed with discussion to ascertain if it is advisable to go into the proposed business, and if so, then the advisability of incorporating as a regular company.

At this point we cannot do better than to quote the language of Professor Camp, now chief of the marketing division of the North Carolina Experiment Station, whose previous experience in California, Illinois and Missouri has given him a wide outlook, with whom the writer has made some of the investigations recorded in this book, and whose aid we have sought in the preparation of this chapter:

"The advantages of incorporating a co-operative association should then be discussed," Professor Camp says. "It should be made clear that incorporation means that the members will not be liable for the debts of the association beyond the amount of the subscribed capital. Before finally deciding to incorporate, three or more should be appointed on a committee to canvass the section to see if a sufficient number are interested in becoming stockholders to warrant the formation of an incorporated association. The same committee should gather information as to the probable amount of business that may be done and as to the probable cost per unit of business transacted. When the committee is ready to report a second meeting should be called. All of those especially interested should be invited to attend. If the committee reports that the number of those who may be expected to subscribe is ample and the business in prospect is sufficient, application should be made to the Secretary of State for a blank certificate of incorporation. This blank must be filled out in order to secure a charter for doing business as a corporation.

"In filling out this blank, it is well to make the expressed objects for the formation of your organization sufficiently broad to include any possible line of business which you may at any time later wish to undertake. You will then be able to buy or sell or manufacture any products which may later seem advisable without going to the expense of getting a new charter.

"The certificate of incorporation of the United Fruit Growers of Western North Carolina, North Wilkesboro, N. C., has a broad statement of the objects of a fruit

growers' corporation, which may be taken as a good example for farmers in other lines. The objects for which this corporation is formed are stated as follows:

"To buy and sell fruits, vegetables, meat, stock and all products of and necessities for Western North Carolina, both fresh and manufactured; to erect, operate and maintain canning and packing factories, cider-vinegar generators, and commission houses; to manufacture and grow any and all products of Western North Carolina; to erect, operate and maintain ice plants and cold storage, and to engage in such other business as pertains to the fruit and truck growing of Western North Carolina."

"The shares had better be made as small as \$5 or \$10 each, so that the poorest farmer may take at least one share. The amount of funds with which the association may begin business—that is to say, the paid-in capital stock as distinguished from the authorized—may be large or small according to the nature of the business. The amount of the authorized or maximum possible capital stock may be made any sum from \$5,000 to \$100,000, or more. The capital may be increased in the manner and to the amount the directors may determine as the need arises. If the desire is to begin business on as small a scale as possible the amount of capital need not be large. If supplies are to be largely purchased upon orders which have been previously gathered together from the members, the expense may be apportioned to each member according to the amount of purchases. In the case of the sale of products, the organization may act as the agent of the growers at a fixed rate of commission, which shall cover all expenses. In this way it is possible to get along with a very small working capital. On the other hand, if the paid-in capital can be made larger than the actual necessities of equipment and operation, the surplus may be deposited in a bank. This will help to establish the credit of the organization."

The next question that comes up is as to what the by-laws shall be, and on this point Professor Camp and the writer

have consulted the experience of a great variety of co-operative societies. In the Appendix I am printing two model forms, which will be found useful in preparing the forms for almost any co-operative organization. These forms may be varied, of course, to meet the wishes of any group of co-operators, but they include certain fundamental features of successful co-operation which should not be lightly disregarded, such as patronage dividends, "one man, one vote," etc., explained in our thirteen rules already given.

The set of by-laws first given in the Appendix are based chiefly on a model recommended by the Wisconsin Board of Public Affairs and on the by-laws of the Catawba Co-operative Creamery.

The second set of by-laws Dr. John Lee Coulter picked out from among dozens as the finest sort of model for farmers to adopt. This model is the form used by the highly successful and efficient Lakefield Farmers' Co-operative Elevator Company of Lakefield, Minnesota; and, as will be seen, it can be varied to meet the needs of almost any form of farmers' co-operative society. Furthermore, as Dr. Coulter points out, these by-laws show in a concrete way the actual experience of this farmers' company. It started out as a pure corporation, calling itself "co-operative," but finally, as shown by the last clauses, amended its rules and regulations and adopted the purely co-operative principles.

CHAPTER VIII

HOW CO-OPERATION REMADE A MINNESOTA NEIGHBORHOOD

Twelve Forms of Co-operation in One Community—How It All Started—Pastor Lundberg a Power for Progress—The Mysterious Way He Paid His Note—The Co-operative Store and How the Town Merchants Got Gloriously Licked When They Tried to Crush It.

SVEA, Minnesota, so far as I know, is the finest example of co-operative community effort in America, the finest example extant of farmers getting together and pulling together as one man to build up the neighborhood, not only in everything affecting their work and business, but in everything affecting the social life, the intellectual and educational development, and even the moral standards of the community.

Svea, as I found with equal surprise and gratification when I visited it, is an absolutely pure and unadulterated country neighborhood, ten miles from a railroad station, and there is no village at all except the postoffice and the offices of the farmers' co-operative enterprises and the homes of their managers. Untouched by town influences, therefore, these Svea farmers are working out their high destiny, and are showing the whole world what farmers can do, aided only by intelligence, neighborliness, energy and stick-to-it-iveness. In Svea they have established and operated thus far without one single failure—

1. A co-operative creamery.
2. A co-operative telephone company.
3. A co-operative grain elevator.
4. A co-operative live stock shipping association.

5. A co-operative store.
6. A co-operative insurance company.
7. A co-operative bank (now forming).

Moreover, they also have as a result of what we may term co-operative effort—

8. A thoroughly equipped high school, with agricultural and domestic science teaching.

9. A consolidated church with a resident pastor.

10. A school library and a State traveling library.

11. Neighborhood social meetings three times a month under church influences.

12. They have "made their neighborhood a reading neighborhood." Almost every farmer takes two to four farm papers and other reading matter in proportion.

In other words, the Svea farmers have become "business men" as surely as commercial men in the towns are business men, and are doubling their profits as a result, while they are at the same time developing a high degree of culture and that satisfying social life without which mere money is valueless, while also maintaining those moral and spiritual influences which town life tends to destroy.

And the most glorious fact about it all is that by adapting the business enterprises to local conditions, and following the example of Svea with regard to social, intellectual and moral influences, almost any rural neighborhood can win for itself the increased profits, the added culture and the rich social life which the wise farmers of Svea have shown how to win.

The first co-operative enterprise begun by the Svea farmers was the creamery started in 1896. Most of the members had been conspicuous in the Farmers' Alliance movement several years before; and failing in their effort to better their condition by means of legislation, they set out to see what they could do by means of self-help. The section being well adapted to dairying, and many of the farmers being dairymen in a small way, they naturally took to the creamery idea first, especially as the prices paid for

butter had been running low. Mrs. A. O. Nelson, wife of one of the co-operative pioneers, in whose home I stopped, says her mother years ago sold butter for five cents a pound, and Mr. Nelson says his father sold it for three cents—and took pay in calico! “But I do not blame the merchants,” he explained, fair-minded man that he is, in making the statement. “Three cents was about all that the butter was worth to them, because they had no distribution and there was no grading as to quality, but it was all dumped into a barrel together and sold as grease.”

The co-operative creamery in Svea, and elsewhere in the Northwest, therefore, like the co-operative creameries in Denmark and Ireland, came not only to save farmers the profits previously paid to middlemen, but to create new profits: (1) by guaranteeing quality—genuine, money-compelling, profit-insuring quality—for the farmers’ products, and (2) by providing a scientific, businesslike system of finding profitable markets and of satisfying and even gratifying these markets when found. Instead of three or five cents a pound for butter, the Svea farmer now gets 30 to 35 cents a pound without any further expense for marketing, and shares in whatever profits the creamery makes.

I might also as well say now as later that this creamery, and practically all the other Svea co-operative enterprises are conducted on the true Rochdale co-operative plan. That is to say, they never pay more than legal interest on capital stock, and divide profits upon the basis of patronage, paying farmers who are not shareholders only one-half the rate paid shareholders. But any patron may become a shareholder by subscribing for a small share of stock.

That there is nothing like one success to inspire confidence in attempting another, we all know; and it was only natural that after getting on so well with the creamery from 1896 to 1900, the Svea farmers in the latter year seized

an opportunity to take over the local telephone system and put it on a co-operative basis—another undertaking which has proved a thoroughgoing triumph. To the general public, low rates were given and to shareholders still lower rates, with the result that probably ninety out of one hundred of the farm homes in the country have local and long-distance connections with both their farmer neighbors and their city neighbors, and with all the world outside. "The only man I ever knew without a telephone," said one Svea citizen to me, "is a fellow below the hill there, and he is no man at all."

In establishing the Svea co-operative telephone system, as in all similar attempts at co-operation there for years, a plumed knight in the ranks of progress, a leader whose great influence always told mightily for good, was Rev. J. O. Lundberg, the pastor of the Swedish Lutheran Church—a man whose memory will always be cherished by the people he loved and served.

Pastor Lundberg was one of those preachers—alas, yet too rare—who recognized the fact that it is the purpose of religion to bring God's radiant kingdom to this old earth as well as reveal to us a future kingdom in the New Jerusalem, and that the only practical active way to serve the Lord here is to serve His creatures, His substitutes, in fact, of whom He has said: "Inasmuch as ye have done it to the least of these, ye have done it unto me." Pastor Lundberg did not interpret with any silly literalism, for example, the injunction to feed the hungry, but he believed that he should encourage the agencies that would keep men from want and hunger as well as relieve them after they had become hungry; and he recognized, too, the further fact that hunger for a richer social, intellectual and community life should be relieved as surely as hunger for material bread and meat. So the co-operative telephone system, for instance, which has brought happiness in and driven loneliness out from the lives of scores and hundreds of Svean farm women—this system owes much to the in-

fluence of the Lutheran pastor who showed his interest by becoming from the first an officer of the company. In fact, there are some who say that the whole wonderful development of the co-operative spirit in Svea had its beginning when the farmers, regardless of minor sectarian differences, decided to come together and support one strong, powerful church with a resident pastor to lead and serve all righteous causes in the community.

At any rate, Pastor Lundberg, giving his personal aid and the aid of his church to every movement for bettering the community—socially, educationally, intellectually, industrially—became an example of what a consecrated and forceful preacher can do; and when the farmers, in 1909, decided that they ought to go a step further and establish a co-operative store, it is not surprising to learn that, though without ready money, he was one of the first to subscribe for \$100 in stock, by giving a promissory note in payment. The store, of course, was operated on the Rochdale plan, paying only 6 per cent on stock and dividing all other profits on the basis of patronage—that is to say, if the company made profits enough, it would pay back shareholders, say, \$8 for each \$100 worth of goods they purchased, and non-shareholders \$4 for each \$100 purchased by them—and what happened to Pastor Lundberg's promissory note is a fine illustration of the store's success. Ten months after the store started, though he hadn't paid in a cent on his share, the management checked up accounts with him and found that his dividends on his trade amounted to enough to pay the \$100 note, the 6 per cent interest on it, and \$44.60 besides. A somewhat similar experience was that given me by Mr. A. J. Abbott: "I bought two shares at \$105 each on credit, and in eighteen months my dividends had paid for one of them, leaving me only one to settle for."

Several factors have contributed to the success of the Svea Co-operative Store. To begin with, the members did not make the primary and fundamental mistake of

establishing a new store, thereby adding to the already excessively large number of middlemen. On the contrary, they (1) bought out the existing store at Svea—even though the owner did sell to them a little reluctantly perhaps. (2) They employed a thoroughly competent manager, for the manager's efficiency is half the battle. (3) They paid him a good salary, for the co-operators boast that "We pay higher salaries than privately owned stores." (4) They established a strict and business-like system of auditing and accounting. (5) They went into the plan with characteristic Swedish dogged persistence, resolved to stick to it for better or worse.

The supreme test to their loyalty came about two years ago when the town merchants of Willmar, the county seat, ten miles from Svea, aided and inspired by the old Svea merchant the co-operators had bought out, decided it was time to break up this high-handed independence the farmers were showing.

Not only had these countrymen established a co-operative creamery, telephone system, store and stock shipping association, but they had gone into Willmar and established a farmers' co-operative grain elevator in opposition to the capitalist-owned elevators already operating. It was surely time to do something, the Willmar merchants decided—time either to make terms with the embattled farmers or organize, fight and conquer them; and, ill-advised, they decided upon the latter policy. Pooling their interests and putting up the necessary capital, they rented the old Svea store building the co-operators had moved out of, put a clever and capable manager and a fine stock of goods into it, and set out to "put the co-operative store out of business." This was planned, in fact, as the beginning of the end of the whole co-operative movement. "They wanted to break up our store and our creamery and our elevator and our stock shipping association, one and all," says Mr. A. O. Nelson. "The only thing they figured on leaving us was our preacher."

But the Willmar merchants had reckoned without their hosts. They had flung a red flag in the bull's face, and what the Svea folks did to their anti-co-operative store was enough. The manager was a clever and capable man, as I have said, but he not only did not get patronage, he did not even get a chance to explain what terms he would make on patronage—that is to say, not to any of the co-operators. "Did he cut prices on you? Did he try to break up your co-operative store by underselling you?" my friend Mr. Green asked Mr. Nelson as we talked. "That's what we don't know," was Mr. Nelson's reply, "because we never bought anything from him to find out!"

The women had up their fighting blood even more decidedly than the men. "The manager was a verra nice man and had a mighty sweet wife," a co-operator's wife explained to me, "and I was sorry for his wife, but still we never invited her to visit us because we did not want to be under obligations to them and we thought the quicker they left the better."

But the Svea co-operators did not stop with their own passive resistance or their wives' passive ostracism—they resolved to carry the war into Africa. "Since these Willmar merchants have come down here fighting us because of our little store," they said, "we'll give them something worth worrying about." The Svea co-operators met and resolved not only to stick to their Svea enterprise, but to establish, if possible, a co-operative store in Willmar itself. "Three hundred dollars was voted for organization expenses," as one Svea woman said to me, "and then a good many of us shivered, for we didn't know what would happen." It was, indeed, a bold stroke, but it won. A new \$20,000 co-operative store was started in Willmar, one of the merchants there selling to the farmers and hiring to them as manager; the opposition store at Svea, a dreary and hopeless failure, soon had to close its doors; and since then both Svea and Willmar co-operative enterprises have waxed strong and powerful. The Svea store last year after putting 10 per

cent of its profits into a reserve fund, paid a 6 per cent dividend on member's patronage (that is to say, returned stockholders six cents for each dollar they had traded during the year), and paid half as much or around 3 per cent to non-shareholders, while the Willmar store paid 12 per cent to stockholders and 6 per cent to non-members.

CHAPTER IX

WHY CAN'T YOU HAVE A NEIGHBORHOOD LIKE SVEA?

*Education the Foundation—The Community Church and Its
“Coffee Socials”—Why the Co-operative Store Succeeded—
The Farmers’ Grain Elevator and Its Fight with the “Trust”
—An Appeal to the Reader*

I AM going to stop right in the middle of my story of the wonderful success of co-operation in Svea to tell what I believe is the chief secret of its wonderful success in this Minnesota farm neighborhood. That secret is nothing more nor less than education, education, education—and a willingness to pay any price necessary to get adequate educational facilities for the community. When I asked Mr. A. O. Nelson, the hustling, red-headed, wide-awake leader of co-operation in Svea, what was their rural school tax, he almost struck me dumb when he answered promptly:

“Seventeen mills, or \$1.70 on the \$100 of property!”

Of course, this is something unusual. It is, in fact, nearly double the local school tax even Svea folks usually pay. Two or three years ago, however, they decided they wanted a handsome new building with industrial features—agriculture for the boys and domestic science for the girls—together with transportation of pupils living over two miles from the school (two miles in a blizzardy Minnesota winter is easily the equivalent of four miles in the South); and so \$1.70 on each \$100 worth of property was the tax they voted, although they had only one school organization to keep up. Our Southern communities with two separate school systems to maintain frequently boast them-

selves mightily for voting a thirty-cent tax on themselves.

Eight months term a year with two teachers—a man who teaches agriculture, a woman who teaches domestic science; compulsory attendance from eight to sixteen; free text books for all pupils; a good school library; reproductions of noted pictures on the wall—all these the farm parents of Svea have provided for their boys and girls, and they are arranging to have an eight-acre school farm as well.

Moreover, education in Svea is not confined to the young people. Education, in fact, cannot be confined to the period of youth, but the truly educated man must go on learning all his life—like the old man of 76 years old who attended a short course at the Danish agricultural school I visited one summer. If a man has had poor school advantages, he can nevertheless educate himself by reading plenty of the right kind of books and papers—the right kind, be sure; and no matter if a man has been highly educated in the schools, he must read much if he is to get real dividends and benefits from his early training. The farmers of Svea realized this, and another secret of their success leaked out when I asked the mail carrier if most farmers on his route took a farm paper.

“Well, I should say,” was his reply. “Two or three farm papers on an average; most of them take three or four.”

Most of them read books, too. Not only is there a school library, but a State-supported traveling library also enlarges their intellectual horizon; and only a few feet from the door where I met the mail carrier, I saw this sign posted up:

Minnesota Traveling Library—Free to All

This library is now located at Svea, Minn. Open to the public Monday until Saturday from 8.00 A. M. till 9 P. M

LOTTIE B. NELSON, *Librarian.*

In addition to having the good sense to provide excellent schools for their children, the Svea farmers have had the great good fortune to be free from denominational factionalism. There was not much difference in belief among them anyhow, so instead of having two or three half-dying churches, each with a monthly meeting and a handful of members, they have one strong church which largely shapes the life of the neighborhood, moral and social.

Consider, for example, how greatly the life of the community has been enriched and sweetened by the justly popular "coffee socials," as they are called, held three times monthly at the homes of members in rotation. These meetings are usually held on Wednesday afternoon from 2 to 5 o'clock, and fifty to one hundred of the neighborhood, both old and young, are likely to attend. Light refreshments are served; there are songs and stories, games and gossip, a talk perhaps by one of the men, or an essay by one of the women, or ice cream to be sold for church purposes. Such is a typical program; and while most of the older married folks go home about 5 o'clock, some of the younger ones and a few of their elders are likely to remain for the evening.

Naturally enough, the pretty schoolgirl who told me most of these "coffee socials" not only had some enthusiasm for them herself, but added, "My mamma goes to every one that comes." We need such meetings all over our farming sections to vary the monotony of toil for both old and young, men and women, and where one country church is not strong enough to support them, why shouldn't two or more churches drop their differences long enough to co-operate in working out some such plan as I have described? That a community is much bettered by having its social life under such elevating influences as surround the Svea "coffee socials" goes without saying.

From my consideration of the social and educational life of this Minnesota country community, however, I must now get back to the question of their work in practical

business co-operation. When I left off in the preceding chapter, I was telling of their interesting experience in maintaining their little co-operative store at Svea when the town merchants from Willmar joined together and tried to put it out of business and how the Svea folk, in retaliation, established one in Willmar itself, now perhaps the best paying store in that town.

It should not be forgotten, however (1) that in neither case did the co-operating farmers start a new store; they simply bought out an old one; (2) that in Svea the store succeeded so well because the members, having bought out the storekeeper who was there before, have a clear field, and have had it clear all the time except for the few months the Willmar-supported rival faced them; and (3) that the Willmar store could never have won the success it has achieved but for the fact that in addition to its hundred or more farmer-stockholder patrons, it has a hundred or more stockholders in town. In fact, it is likely that the town stockholders supply most of its trade. Paying a \$5 membership fee and subscribing for one or more shares of stock at \$10 each (only legal interest is paid on stock) makes one a shareholder, and inasmuch as stockholders get twice the dividends on patronage that non-stockholders get, it is not surprising that thirty men made haste to subscribe for stock just after the last patronage-dividend was declared, \$12 being then returned to each shareholder and \$6 to each non-shareholder for each \$100 worth of goods purchased in the preceding twelvemonth.

The observation is also made both at Svea and Willmar that the co-operative stores on crowded days will hold customers that a regular merchant would lose. "I don't mind waiting for the rush business," a farmer patron will often say with a smile-that-won't-come-off, "for I know the more business there is, the bigger will be my dividend next time."

These stores are in honor bound to sell any patron at least one share of stock and make a member of him if he wishes. Some companies pay dividends to non-members

in the shape of credit on stock until his dividends amount to enough to entitle him to a share, whereupon it is issued to him. Reference should also be made again to the importance of the monthly auditing of accounts under an especially efficient system worked out by the "Right Relationship League" of Minneapolis. No co-operative enterprise should ever be started anywhere without providing for expert auditing.

In the preceding chapter I also made a brief allusion to the co-operative grain elevator the Svea farmers established in 1910 at Willmar, which is their nearest shipping point. An elevator, it will be observed, has about the same relation to the wheat and barley industry of Minnesota that a warehouse has to the cotton industry in the South; it is the place where the product is stored and from which it is sold and shipped.

Now at Willmar away back yonder in the days when the Alliance was at the height of its power, the farmers started a so-called "farmers' co-operative elevator" at Willmar, but inasmuch as it wasn't really co-operative, the 30 to 40 per cent profits it started out by making all went to the men who owned stock instead of the men who furnished the business, and the natural result was that profit-hunting city business men began to buy up the stock. The next and equally natural result was that the farmers said, "We are not going to patronize this sham concern just to pay big profits to the capitalist stockholders." So it lost business and had practically or actually died when the Svea farmers three years ago decided they would pay \$950 for the building by itself and start the business again on the genuine co-operative, profits-to-patronage basis. In two years time, I was informed, the elevator on this \$950 investment has paid its patrons \$5,000 in patronage-dividends besides paying three cents a bushel more for wheat!

A record like that is certainly well calculated to make other Western farmers decide to organize and fight the elevator trust which has too long had everything its own

way in many western towns. Not a few of these trust companies were "born in sin and conceived in iniquity" anyhow, and have a sinister record from start to finish.

C. B. Williams, a well-known Minnesota writer on co-operation, says:

"To understand how this oppressive [elevator] monopoly could have been built up it is necessary to go back and see how the line houses had before this crushed out most of the independent dealers. The Peavy Company, for instance, between 1877 and 1898 secured control of 800 elevators; Armours had 700; Councilman 150, and so on. The method was this: Charles Peavy, for instance, would go into a town and buy out or build an elevator for \$5,000. This would be put into the Peavy Elevator Company for \$11,000 of its stock. Five thousand dollars of this stock, enough to cover the real cost, would be sold out to outsiders, the \$6,000, or controlling interest remaining in the hands of the company. Thus, in a little over twenty years, they secured control of 800 elevators and \$4,800,000 cash without the investment of a dollar."

A favorite device of the elevator trust has been to crush out any farmers' elevator by temporarily offering in that town more than the market price for wheat, thereby taking all patronage away from the farmers' elevator and keeping this up long enough to throw the farmers' elevator into bankruptcy—the trust, of course, simply making good its losses by correspondingly reducing the price of wheat in towns where it had already crushed competition. This is one of the infamous trust practices that should be rigidly prohibited by law.

Meanwhile to meet this competition the following plan has been proposed and in some cases tried out, and though its legality has been questioned in some other States, the Attorney-General of Wisconsin says it is thoroughly legal provided the agreement is written into the contracts with the farmer members. The plan is this: If the trust in Willmar, for example, decides to break down the farmers' elevator by paying four cents more a bushel for wheat than the market price (and, therefore, four cents more than the farmers' elevator can pay), the farmer co-operators are authorized to go ahead and sell their wheat to the trust but

to turn over to their own elevator half their excess profits (that is to say, two cents a bushel), in order to pay its necessary expenses. A plan like this naturally does not please the trust very long. It accomplishes nothing toward crushing its rival, while the farmer members gain at the trust's expense. This is perhaps the most altogether delightful game that an exasperated people have ever "played back" on the trusts in return for the many cases of conscienceless trickery we have suffered by their hands.

At Willmar at one time since the co-operative elevator was organized the trust professed to pay the farmers two cents a bushel more for wheat, but docked them enough in grading, allowance for dirt, etc., to even up. At another time I learned from the co-operators' manager, barley was selling at \$1.13 in Minneapolis, say 100 miles away, while the trust elevators in Willmar were offering only seventy-five or eighty cents a bushel. The farmers' elevator at once carried the price to \$1 and \$1.02. "Right now," Manager Sundeine continued, "the trust elevators are paying three cents a bushel less for wheat at Priam and Raymond, the first and second stations west of here, where they have no competition, than they are paying at Willmar where the farmers are organized for business."

There are many other things the Svea farmers have done that I should like to discuss, but I have told enough, no doubt, to make the reader wish his community had more of the Svea spirit. And if you, indeed, "covet earnestly these best gifts," kind reader, if you would like to have in your own neighborhood the business co-operation, the increased profits from your labor, the richer social life, the enlarged educational opportunities, the general spirit of comradeship, buoyancy and achievement that one finds in the Svea neighborhood, why not set out to improve the opportunities that come to you? Your neighbors are readier to "go in" than you think—if you will only show some leadership and appeal to them to help you.

CHAPTER X

HOW WISCONSIN BERRY GROWERS MET AN UGLY SITUATION

Instead of Cutting Their Crops to Escape Disaster, Sparta Growers Decide to Co-operate and Do Their Own Marketing—Something About the Success of Their Organization and Its "Big Stick" Methods—Gets Increased Profits by Knowing Market Conditions, Grading Carefully and Guaranteeing Quality

NEXT to the record of co-operation in the Svea, Minn., neighborhood, about the most interesting story of co-operation experience that I investigated in the Northwest was that of the Sparta Fruit Growers' Association of Sparta, Wis. And just as I shall always think of Mr. A. O. Nelson when I think of co-operation in the Minnesota community so I shall always think of Mr. W. H. Hanchett when I think of Sparta.

Mr. Hanchett is president of this Sparta Fruit Growers' Association and, in common parlance, a genuine "live wire." That's one characteristic of these Western co-operation leaders: they have enthusiasm for their jobs, and put fire and earnestness into what they have to say.

Seventeen years ago the Sparta fruit growers first organized, but it was only seven years ago that they really got on a business footing. Originally there were only 125 shares at \$2 each, but the bigger plans of the last seven years are indicated by the fact that there are now 3,000 shares of \$2 each held by the 302 members, and that the handsome building, the property of the association, in

which I found President Hanchett and Secretary Richardson, cost \$14,000. With a capitalization of \$6,000, the present assets of the company (after having paid increased profits to all members) indicate a surplus of \$9,000.

The Sparta farmers, like the farmers in many another community, might never have known the advantages of co-operation if they had not been forced to it. "Necessity is the mother of invention." Around Sparta a great many farmers were growing strawberries and it seemed to the growers that the local buyers had a secret understanding about prices. "My father was one of the pioneer berry growers," Mr. Hanchett told me, "and he used to spend an entire day getting rid of five or six crates at five cents a quart." Moreover, if the farmers shipped for themselves to Chicago, St. Paul, Milwaukee or Duluth, the reply might come back that the market there was glutted and that the freight charges had eaten up the receipts. Finally the farmers grew desperate and many said, "There has been an overproduction. Let's every man plow up half or two-thirds his berry acreage and plant to something else."

But wiser and bolder men like President Hanchett said: "We shan't do anything of the kind. We have the natural conditions here that suit berry growing, we know that the cities are willing to pay a fair price for the stuff, and we are simply going to get into position to control distribution. We're going to get the profits that somebody else is partly making now, and the profits that are being lost to everybody by wasteful methods of packing and shipping."

So the farmers came together and agreed that all members should turn over their entire berry product to the association, its officers to keep in touch with the market conditions in all the principal centers; control the car service; grade shipments; and divide profits among members after deducting expenses. Of course, the old-time berry buyers were wrathful and for a time they sought to get the local merchants to stand with them against this farmers' movement. But the co-operating farmers quickly

checkmated this scheme. "We haven't been in favor of starting a co-operative store in Sparta; merchandising is not our business," they said to the merchants, "but we have a right to ship and handle our own berries and we are going to do it, and we are not going to buy our goods from folks who try to prevent us. You just be good, or we'll go further and start a co-operative store." Whereupon the merchants reported that the co-operative fruit growers' association was an excellent thing.

But, of course, although I said in the last paragraph that "the farmers came together," not all of them came. They never do. There was one man, for example, who had a brother-in-law in a not distant city and he decided that he could make a few more pennies by staying out of the organization. "Very well," the managers said, "but don't undersell us to get big orders for yourself. We are going to be reasonable and it will be much better for us all to hang together." This man, however, later seized a chance to engage his entire season's crop at so much a crate—a lower price than the association berries were selling for. "We resolved right then," said the association member who told me the story, "that the time had come for some 'high-handed trust methods', if you want to call them that. We found out what this man had done and proceeded to turn loose all our surplus crop right in his market. Prices dropped short off, his order was canceled, and since then, although he has never joined the association, he keeps step with us and makes prices in harmony with us."

On another occasion some members were reported disloyal. To be specific, it was understood that they were willing to sell some of their extra early berries to regular buyers instead of turning them over to the association. Thereupon the association sent out a fake or decoy buyer and trapped several of them. The members so caught were at first expelled from the association, but were later reinstated, having gained nothing but exposure and contempt for their treachery.

The Sparta managers have worked on the theory that the only way to succeed is to make the members afraid to break its rules, and non-members afraid to oppose its power. For example, President Hanchett went to the managers of the freight car service and said, "Now, our association will guarantee to use the freight cars we ask you to dispatch to Sparta for us. We demand that the non-association farmers must also guarantee to use the freight cars you send for their use, if they are to have the same low rates you give us."

"We are always on the lookout for customers," said President Hanchett, "and Sparta berries not only go to Chicago, St. Paul, Milwaukee and Duluth as formerly, but also to Omaha, Kansas City, Des Moines, Fargo and Winnipeg. Fruit dealers and grocers in the small towns are also cultivated by us, and are, in fact, our most profitable customers. We also get better prices from the consumers than farmers acting individually would ever have been able to get, because we guarantee quality, which means better service and increased values for these consumers. In the old days there were many partly-filled crates, and many crates with ripe fruit on top and unripe fruit at the bottom—and the buyer had no redress. But on every crate the Sparta association sends out, the grower's number is stamped, and the association is responsible for quality because it can locate and expel any member who swindles. Our grader, of course, is able only to sample occasional shipments here and there as they come in, but if any inferior fruit is brought in, the member must personally call the grader's attention to it, or risk the consequences."

Mr. Hanchett further remarked that the agricultural authorities at Madison call the Sparta association a "double-barreled concern," because it works both on the capitalistic and co-operative principle. If a member comes in and wishes the association to handle his produce as an agent, it will gladly do it, remitting him all the proceeds less a reasonable expense charge. That is to say, the profits in

this case go to patronage. If, however, the member is timid and prefers to sell for cash at a price the association names or accepts, the association buys outright and the profits go to the stockholders. Two years ago the association bought up at 25 cents a bushel the neighborhood Duchess apple crop, for which little or no market had been found, and by grading and shipping in quantities cleared four or five hundred dollars. For potatoes on one occasion a price of 33 cents a bushel was realized when buyers had offered only 18 or 20 cents. The association also handles seeds and feedstuffs for farmers, and last year shipped five carloads of home-grown clover seed for farmer-members.

Like all the other co-operative enterprises the Sparta company acts wholly in the open. "Any member can inspect the books at any time and investigate any item in our \$80,000 yearly turnover," said Secretary Richardson. "Every letter and telegram about every shipment is on file."

Another successful co-operative enterprise we found at Sparta and with which Mr. Hanchett is connected is the Sparta Co-operative Creamery Company. It has been running eighteen years, has 482 members and has a daily butter output of six thousand pounds. In May 80,000 pounds were turned out, netting producers 29 cents a pound. Last winter butter fat brought as high as 38 cents a pound. Cream is collected every other day from each farmer, eleven company teams bringing it in daily. A dividend of 5 per cent annually is paid on the \$2,500 capital subscribed, and all other profits are divided on the patronage basis. We found the managers of the creamery seriously discussing a plan to establish a co-operative laundry in connection with the creamery, and this will probably be done before another year ends.

CHAPTER XI

MORE CO-OPERATION STORIES FROM THE NORTHWEST

The Co-operative Laundry at Chatfield a Project of Interest to All Women Folk—The Sheboygander Farmers and Their Fight with the Cheese Makers—Co-operative Live Stock Shipping and How It Pays in Many Ways

IN THE Northwest co-operation has become so common that I found in St. Paul a copy of a special magazine published for the managers of co-operative enterprises, while Milwaukee was preferring to entertain the second annual convention of the "National Association of Managers of Farmers' Co-operative Companies." There has been, in fact, such a varied development of Northwestern co-operative activity that I can only recount a few of its more notable manifestations.

I

One very notable story is that of the co-operative laundry, established in connection with the co-operative creamery at Chatfield, Minn., which I found to be the talk of the Northwest. I visited two or three of the creameries where the officers told me they were planning to follow Chatfield's example, and it is not unlikely that within a few years it will be the rule rather than the exception to have a co-operative laundry in connection with each co-operative creamery. In describing the Chatfield laundry the St. Paul Farmer says:

"A wing was built to the creamery and a ten-horse power gasoline engine installed at a total cost of \$2,000, the creamery company financ-

ing this part of the project. Complete laundry equipment was obtained from a manufacturing company in New York and installed in working order at a cost of \$3,000. To secure funds for this expense, stock was sold at \$5 a share to anyone who would buy, whether a creamery stockholder or not. The town of Chatfield was without laundry facilities, and shares were purchased by town and country dwellers alike. . . .

"At regular periods a settlement will be made, 6 per cent on the investment will be deducted from the profits, and the remainder will be rebated to the patrons in proportion to the amount of their washing bills, whether they are stockholders or not. That is the true co-operative spirit. It is expected that the charge for family washing can be reduced to three cents a pound, and that the total cost for a family washing will not average more than \$2 a month. The farmers pay for their laundry by the month, by having the amount of their bill deducted from their cream check; and the creamery then makes out a check for the full amount to the laundry company. Thus there is no collecting to do except in town, and the townspeople have to pay for it. The laundry gathers and delivers washing in town and collects the bills, and it charges the same rate for laundry work; but at the end of the period, when the rebates are made, the town patrons will be charged 10 per cent of the amount of their business for this extra service. Thus, if a 20 per cent rebate is declared to farmer patrons, the town customers will receive a rebate of only 10 per cent."

Although the help the first month was inexperienced, the creamery made a profit from the start. Here is one monthly statement:

RECEIPTS FOR THE MONTH

Townspeople, cash business-----	\$210.58
Farmers, charged on creamery account-----	127.37
Total receipts-----	<u>\$337.95</u>

DISBURSEMENTS

Wages -----	\$262.23
Soap, starch, gasoline, etc.-----	30.00
Sundry expenses-----	3.90
Rebate of 10 per cent to all patrons, whether stockholders or not	33.80
Paid into sinking fund-----	8.02
Total paid out-----	<u>\$337.95</u>

Mr. C. J. Manahan, secretary and treasurer of the Chatfield laundry (and also of the creamery), says: "The farm-

ers' wives around Chatfield are entirely satisfied with the work of the laundry, and say that they are through with washing and ironing at home. They are planning now on making visits on wash days!" Mr. Manahan also says: "There is no reason why a co-operative laundry should not be located in every creamery district; but the first secret is to have a prosperous creamery back of the venture."

II

From ex-Senator Henry Krumrey of Plymouth, Wis., I got an illuminating story of how the farmers of Sheboygan County outwitted the cheese makers and dealers.

Until recently the farmer-dairymen there have been contracting with the cheese makers not only to make the cheese for them, but to sell the product—on a certain commission basis, I believe—but of late years the farmers have found cause to arouse their suspicions. For five months, in 1911, for example, cheese sold at from 11 to 13 cents, but in winter, when most of the product had passed out of the farmers' hands, it sold from 18 to 22 cents—only to drop back to 12 cents in May, 1912, about the time farmers would have begun to reap the lion's share of profits.

True, there was a "cheese board," or exchange, at each cheese-making center where the cheese makers got together to sell the farmers' cheese and where the cheese dealers got together to buy it; but the farmers could not believe they were getting a square deal. They believed that the cheese dealers were paying these cheese makers a bonus beyond and in addition to the official published price; and before the case ended the charge was proved.

"In one county in one year," Mr. Krumrey said to me, "\$400,000 went to the cheese makers. In an investigation before the State Board of Public Affairs, moreover, the cheese dealers admitted having secret meetings to fix prices. Naturally our farmers became aroused, and we had a great meeting of 1,000 farmers at the fair grounds and

started a movement for co-operative cheese factories. The result is that forty-three have been started in that one county, all federated in the 'Sheboygan County Cheese Producers' Association.'

"Each local association incorporates under the new Wisconsin co-operative law, each member taking one to three \$1 shares and no member having more than one vote. Five directors are elected who manage the business and employ a cheese maker. Then the officers of the county federation sell the produce of the entire forty-four factories, the farmer getting just what his cheese brings after deducting one-eighth of a cent a pound for selling expenses."

Thus the cheese makers no longer have anything to do with selling the product, but confine themselves to making as much and as good cheese as they can from the milk the farmers furnish them; and the farmers are getting ready to standardize their product, insist upon high quality at all times, have a registered trade-mark, and capitalize this reputation for quality.

III

The co-operative live stock shipping association is another notable development in many parts of the West, about the best example I found being at Litchfield, Minn. One form of co-operation usually leads to another, and this live stock shipping association was the outgrowth of the successful creamery at Litchfield.

"Has it paid you?" I asked farmer N. E. Christensen, president of the organization, as he drove up with a load of hogs.

"Well, I guess yes!" was his emphatic reply as he waited his turn at the wagon scales. "Why, before we farmers organized to ship our own stock, we had to support four or five stock buyers here seven days in the week. That is to say, the profits on our business had to support them. Now all our farmers ship their stock together on Tuesdays, and our only expense is to pay Mr. Halverson for work one

day in each week, so far as buying is concerned; and the saving goes into our pockets."

"There are many other advantages," Mr. Christensen continued. "Under the old system a farmer might be pestered with visits from buyers when he didn't want them, and again he might have stock ready for market a whole month before a buyer would call. Again, old-time buyers made little difference in favor of quality animals. One man might have fattened his hogs carefully and another might have fed his chiefly on the northwest wind, but the old-time buyer averaged them up together, good, bad and worse, and let it go at that. Now, everything is graded. See that mark Halverson is putting on that calf there? That means he will get a specific report as to the grade in which he is put at the stock yard."

Last year, according to the figures given me by Mr. Halverson, the manager, this association shipped 6,380 hogs, 1,515 cattle, 1,972 veal calves and 1,047 sheep—a total of 10,909 animals, or 146 cars in all, as compared with 14 cars in 1901, the year of organization. Mr. Halverson, who is also manager of the creamery, is released from his creamery work Tuesdays to receive, weigh and load the stock. They are then shipped—on Tuesday evenings, I believe—to St. Paul or Minneapolis, and he goes down and spends Wednesday selling them. On his return he mails each farmer a check for the amount of his sales, less six cents per hundredweight to cover Mr. Halverson's expenses and all other expenses of the shipping association. This payment of six cents per hundredweight, live weight (or about one-sixteenth of a cent a pound) pays for everything; the farmers know they are getting exactly what their stock is worth; and they get cash for their sales.

No wonder such live stock shipping associations are becoming popular all over the West. In Svea they organized one three years ago, and it has been a notable success from the beginning; and I found another strikingly successful one at work in Dassell, Minn.

CHAPTER XII

CO-OPERATION TO GET BETTER PRICES FOR COTTON AND COTTONSEED

(1) How Warehousing Prevents Enormous Weather Damage; (2) Importance of Making Store Accounts Mature Throughout Cotton-Selling Season; (3) Evidence of Cotton Buyers' Trusts in Southern Markets; (4) Proof That Farmers Don't Get Benefit of Grades Above Middling; (5) Cottonseed Prices Ranging from \$16 to \$33 Same Day—The Co-operative Warehouse the One Sure Remedy

MILLIONS of dollars have been lost to our southern cotton growers by poor methods of marketing, and many millions more will doubtless be lost before our farmers adopt the co-operative remedies necessary to bring about a change. Four great needs are:

(1) Proper housing of the crop so as to prevent damage to quality of lint.

(2) Plans to prevent the depression of prices by the "distressed cotton" of the early and middle fall.

(3) Plans which will enable farmers to get the benefit of grades above middling.

(4) Plans for selling cotton and cottonseed co-operatively in large quantities so as to reduce the losses incurred by supporting the present unnecessarily vast army of buyers.

And all these considerations point directly to the need of farmers' co-operative cotton warehouses.

I

We mention first of all (not because it is first in importance but because it happens to come first in actual opera-

tion) the need for better housing of the cotton crop, which can best be effected through co-operative warehousing.

Consider these two illustrations which Prof. Thomas Nelson recently found on the writer's home market:

In the first case, the owner had thirty-three bales of cotton from which 776 pounds of damaged cotton were picked. This damage was due to the bales lying out in the weather; and while the rest of the lint sold for 11 $\frac{5}{8}$ cents a pound, the 776 pounds of damaged lint brought only two cents a pound—and the picking itself cost \$16.50 extra.

In other words, there was a loss of 9 $\frac{5}{8}$ cents a pound in the price of this damaged lint or—

776 pounds at loss of 9 $\frac{5}{8}$ cents-----	\$74.69
Cost of picking over 33 bales at 50 cents per bale-----	16.50
Total loss-----	<hr/> \$91.19
Loss per bale, \$2.76.	

In this case the loss from weather damage amounted to practically one-half cent a pound.

In another shipment of 319 weather damaged bales on the same market, it was found necessary to pick off 37,386 pounds of damaged cotton, which sold for only seven cents, whereas the rest of the lint brought 12 $\frac{1}{2}$ cents. The total weather damage loss on these 319 bales by leaving them outdoors after ginning was thus \$2,056.23, or \$6.65 a bale—nearly 1 $\frac{1}{2}$ cents a pound.

II

As a rule, however, the farmer is not required to pick the damaged cotton from the rest. The buyer simply grades the whole bale lower, and the farmer who thinks he has been fooling somebody into paying 10 or 12 cents a pound for water doesn't realize that he has lost \$10 in grade for every imaginary \$1 he has gained in weight. Upon this point it may be well to quote what Mr. C. C. Moore, once a leader in the Southern Cotton Association,

tells me he heard a representative of a cotton-exporting firm say on one occasion :

"The man said he was in the employ of a cotton exporting firm ; that they bought cotton direct from farmers ; that the farmer would not protect his cotton from the earth and weather after ginning ; that cotton bales were always damaged from lying on the ground, and that when offered for sale, the buyer makes a guess at the damage, always guessing so as to protect himself from loss. For instance, if the buyer believes there is five pounds damaged on a bale, he deducts ten pounds or more ; or if the damage perhaps is twenty pounds he deducts forty or fifty pounds and fixes the price of the whole bale with a view to making this deduction."

In any case, Brother Farmer, don't fool yourself into believing that the cotton manufacturers and cotton buyers are big enough fools to pay you 12 or 15 cents a pound for water. They are not. Make up your mind now that whether or not you warehouse your cotton this year, you will at least put it under shelter in a thoroughly dry place, thereby avoiding weather damage and leaving you in a position to get topnotch prices for the grade represented.

III

In the matter of plans to prevent the flooding of the market at the height of the picking season in the fall, there is need both for a new system of maturing payments for fertilizer and supplies and for a more extensive warehousing system.

Instead of our tenants and our poor farmers being forced to sell their crops on glutted markets every year in order to settle accounts falling due from October 15 to November 15, it would be better if such accounts matured one-third November 1, one-third January 1, and one-third February 1—or something like that. Even having one-half fall due November 1 and one-half January 1 would be a vast improvement over present policies. The Farmers' Union and other organized agencies of the farmers would do well to push a movement to this effect.

Warehousing cotton would indeed afford relief to many farmers in this class, even under present conditions, because many of them could borrow enough on their warehouse receipts to pay what they owe, leaving the cotton to be actually sold later when better market conditions are likely to prevail. Again, there are many farmers not handicapped by debt but who wish to make purchases early in the picking season, and who therefore sell their crop early in order to get the ready money. The warehousing plan enables them also to get the needed money without helping glut the market and depress prices.

IV

As for our third proposition, how to help the farmer get the benefit of higher prices for his better grades, the first thing needful in this respect is to have sufficient competition in the market where he sells.

A friend came into my office the other day and said: "You ought to go down to the city cotton market here and see how the game is worked. The buyers stand out in the middle of the street looking for the wagons as they come into sight. When a buyer first glimpses a load coming, he says, 'Cotton!' as quick as he can, and that means it is his cotton because he saw it first. The other buyers will not bid against him. I was just down there when two buyers saw their farmer-game almost at the same time and both called 'Cotton!' almost in the same breath. So they were about to have a dispute about it but tossed up a coin, and the man who won walked up and took the farmer's bales without opposition."

I went down unrecognized and found it just as my friend had described. There was no semblance of competition among the buyers. I saw a buyer sight a load coming into view while he was talking with a farmer, and while he could not call out "Cotton" quite so openly as when alone with his brother buyers, he carried his point by singing out,

"Cotton coming around the corner!" and so walked up and took the load while the other buyers paid no more attention to it than if they had been put there to buy meat instead of cotton. Of course, the signals vary in different markets and with different seasons.

To the same effect is this testimony given by Mr. J. B. Watt of Charlotte, N. C., who says:

"I had eleven bales of good middling cotton on the Charlotte market October 1st, and tendered it for sale, and 13¾ was the highest bid offered on the street. I was given to understand, though, if I got a better bid they (the street buyers) would better it. I succeeded in getting a bid of 14 cents, in consequence of which the same buyer who refused to raise the price made an offer of 14.05."

Mr. Watt evidently means that he first got the higher offer from the representatives of some cotton mill or other outside party before the regular buyers would offer the 14 cents he was entitled to. Most farmers, of course, simply take what is offered.

V

When such conditions prevail, there is nothing to prevent the individual buyer from cheating the farmer just as much as the grower's ignorance will permit, both on grades and prices. Mr. Charles J. Brand, head of the Bureau of Markets, United States Department of Agriculture, said last year that in Penfield, Ga., where the farmers were not well-informed, he found long-staple cotton selling for two cents a pound or \$10 a bale less than it was bringing in Hartsville, S. C., where Mr. David R. Coker, the famous long-staple grower, is helping the farmers to get the prices their grades entitle them to. Mr. Brand also tells of a cotton buyer who was asked at the best of the cotton season last year as to the grades of cotton he had been buying. His answer was: "Well, I haven't been grading in buying so far, but just taking everything as middling. I shall begin grading, however, from now on." The explanation was

that fine cotton had been coming in up to that time, much of it strict middling and good middling and middling fair, and he had not given the farmer the benefit of any price above middling. Now that poorer grades were coming in, however, he was ready to grade down to the uttermost.

Consider, too, this specimen letter which I received from Mr. W. L. Green of Meridian, Miss., in October, 1913:

"Now as to the grades. From what I learn there are about as many grades above middling as there are below. I have before me the quotations of the New Orleans market for September 22. Middling is quoted at $13\frac{3}{8}$ cents and fair at $15\frac{1}{8}$ cents, a difference of $1\frac{3}{4}$ cents. Now, what I am driving at is that the merchants of Meridian will never pay the farmer above middling for any cotton."

Small wonder that one of the most thoughtful agricultural leaders in the South recently remarked to the writer: "I am convinced that cotton buyers get half of the increased prices that the mills pay for grades above average quality." In other words, under our present system half the hard-earned wealth the farmer creates in quality of staple is confiscated by buyers instead of going to the grower's needy wife and children. Our friend then gave us an illustration: "I was in a cotton buyer's office last fall," he said, "when a farmer came in with a few bales to sell. Ordinary cotton was going at 12 cents and a fraction, but the buyer told the farmer that as these bales were of superior staple he would pay 14 cents, or two cents extra per pound. And then Mr. Buyer told me that the cotton was really worth 18 cents, or nearly six cents extra in the pound."

In other words, on each 500-pound bale the buyer made \$20 clear profit by two minutes' sharp practice or about one-third as much as the farmer and his family had made through a year of weary toiling and planning—breaking the land in winter's cold; preparing, fertilizing, planting in spring; hoeing and cultivating under summer suns; and laboriously picking the crop in the fall.

How long will a free people submit to such a system? How long will our cotton growers be content to be mere laborers, surrendering all the business-side of farming to alien interests?

It is true of scores of markets all over the South that there is no real competition among the buyers. The writer has already noted the private signaling by means of which buyers "divide the spoils" as the farmer's cotton comes in sight. Buyer A makes his bid and Buyers B, C, D and E do not interfere, for they will take their turns with later bales. And with such a system it is always possible for the shrewd buyer to get the farmer's cotton for much less than its real worth. We know, of course, that many honest buyers will not take advantage of the weak, but it is not fair for the laborer to be thrown bound and helpless before whomsoever wishes to plunder him. And it is not fair to honest cotton buyers for them to have to compete with dishonest ones when conditions give such an advantage to dishonesty.

VI

In this connection it would be well for every cotton farmer to send five cents in stamps for a copy of the bulletin, "Studies of Primary Cotton Marketing Conditions in Oklahoma," recently issued by the Bureau of Markets, United States Department of Agriculture.

This bulletin based on careful, authoritative studies in the marketing season of 1912, not only shows wide variations in cotton prices in different towns on the same day, but also proves that equally wide variations may frequently exist in the same town at the same hour. A farmer who is well informed as to market conditions and the value of grades, or a farmer who is selling in a pool with a group of farmers who know, may receive several dollars more a bale for the same grade of cotton than a more ignorant farmer selling alone will receive in the same town at the same hour.

Here, for example, are the figures collected by Mr. Brand and his several assistants in Oklahoma, showing the variations in prices paid for strict low middling cotton in the same town on the same day—that is to say, the difference between the prices some farmers received and the prices some other farmers received for the same grade of cotton, the same day, figured out on the basis of 500-pound bales:

Town	Variation per bale	Town	Variation per bale
Okemah -----	\$2.50	Terral -----	\$4.20
Mountain Park -----	3.75	Erick -----	4.69
Norman -----	3.75	Caddo -----	4.75
Porter -----	4.37	Snyder -----	6.75
Norman -----	5.00	Erick -----	6.25
Duncan -----	10.00	Terral -----	4.50
Waurika -----	3.00	Wellston -----	2.50

Think of it—some farmers in Duncan, Okla., received \$10 less a bale for strict low middling cotton than other farmers received for the same grade on the same day—December 2, 1912! And in Terral, Okla., November 12, the variation in prices paid for low middling amounted to \$12.50 per bale. And worst of all, in Mangum, Okla., November 7, with twenty-seven buyers in town, the lowest price paid for good ordinary was \$19.25 less per 500-pound bale than some other good ordinary cotton fetched the same day! How long will cotton growers endure such conditions?

As this bulletin goes on to say, all this enormous loss falls, for the most part, on those least able to bear it, and whose families are least able to bear it—the more ignorant farmers or those who are forced to sell. We quote:

“If buyer and seller were equally informed as to the grade of the bales offered, and if the sale of the individual bale were a matter of no more importance to the farmer than its purchase is to the buyer, such conditions could not exist. The farmer is necessarily under some pressure to sell after he has brought his bale to town. If he does not do so he has lost a day’s time, and has no assurance that his next attempt to sell will be productive of better results. Furthermore, he is

not well enough versed in cotton grading to know exactly what his bale ought to bring, or whether the price offered is a fair one.

"The conclusion is irresistible that the burden of the great discrepancies in the prices paid for each standard grade must fall most heavily upon those producers who are most ignorant of cotton grading and who are under the greatest pressure to sell."

VII

The two supreme facts brought out in this remarkable study of cotton marketing in Oklahoma—and the conditions there are typical—are:

(1) That farmers marketing individually have no guarantee that they will receive the value of their lint. Perhaps a few farmers in the cases just mentioned did receive a little more than their grade justified, but we all know that buyers are too intelligent for this to happen often. The conclusion is, therefore, irresistible that if the highest prices were only just about right, the lowest ones were grossly unjust to the growers—amounting almost to sheer robbery of the ignorant.

(2) The farmer does not get the benefit of the higher prices he should receive for grades above middling. This fact is emphasized and re-emphasized in the bulletin from which we are quoting. "The cotton trade in Oklahoma," we are told, "recognizes no grade above good middling, although many thousand bales of higher grade are produced. In some cases the bulk of the cotton is bought as middling for weeks at a time, when a large majority of the bales are actually above that grade." Note this language—"a large majority of the bales" for weeks at a time above middling, when middling price is the highest the farmer gets! The conclusions of the whole matter are set forth by the authors of this bulletin in the following language:

"The greatest losses to the farmers under the present system of marketing appear to lie in their failure to secure the premium for their high grades which these bales finally bring. No relief from this condition can be expected while grading is wholly in the hands of the

buyers. As long as this is the case, the cotton will never be closely graded until after it has left the grower's possession. Co-operation among growers, if properly organized, would probably furnish some measure of relief, but under present conditions a rather expensive selling department would probably be necessary."

VIII

But the cotton farmer's loss does not stop with the lint. He also loses untold thousands of dollars every year through lack of system in marketing his cottonseed. Abundant proof of this fact is found in reports sent the writer by farmers in various parts of the South as to cottonseed prices on Saturday, November 29, and Monday, December 1, 1913.

A glance at these reports will prove interesting. Letter No. 1 came from a farmer who said: "Our neighbors clubbed up and sold 5,000 bushels at \$33.33 $\frac{1}{3}$ per ton, or at 50 cents per bushel. Co-operation, you see."

The next letter came from A. C. McAnally, Cleveland, Ala., who said: "Cottonseed are worth \$25 a ton here today at the wagon."

Mr. G. W. Wilson of Mt. Pleasant, S. C., wrote: "The Sea Island Cotton Oil Company of Charleton is paying \$30 per ton for seed today, and they furnish sacks free and deliver them at gin."

This came from Mr. F. B. Cameron, McKinney, Texas: "The oil mill and gins here are paying the farmers \$20 per ton. The gins pay the farmers just as much as the oil mill and haul the seed. It looks like a 'stand in.' Surely the gins cannot afford to do the hauling and sell for the price the mill pays the farmer. I think we farmers need a little co-operation in this seed business; also in the lint cotton."

Mr. G. T. Gresham, Eulonia, S. C., was next, naming the price there \$30 a ton.

The same price was reported by Mr. L. C. Holler, Davidson, N. C.

The very next letter was from W. C. Andrews, Grady, Ark., who said: "We have been getting \$16 per ton for

about a month. Both gins buy seed but have no competition. No provision is made for disposing of it except when ginned."

With variations from \$16 to \$33 a ton, it is clearly high time for farmers to co-operate in selling cottonseed, as well as cotton.

IX

What is needed is a co-operative farmers' warehouse in every market of sufficient size in which farmers can store their cotton, have it graded by an expert grader, and sell it on special days in 100 to 500-bale lots, getting representatives of the cotton exporters, and cotton mills, if possible, to attend. If it is too expensive to keep a warehouse just for cotton, make it a storehouse for fertilizers in spring and rent space for other purposes in other seasons. Or if there is no warehouse, organize the farmers and let all members of the organization market together one or two days in each week.

Somewhat more elaborate are the views of Judge Lindsey of the Texas Farm Life Commission. He believes, as the writer has advocated, that there should be co-operative cotton gins as well as co-operative cotton warehouses, and goes on to say:

"On the same plan that gins are organized, but on a larger scale, organize or reorganize warehouses. Say there are thirty co-operative gins in a county; all these associations should join together in a warehouse association. At the time cotton is stored it should come under insurance protection carried by the warehouse association, and each bale should be carefully and correctly weighed, graded and given a warehouse number, all of which should be entered on the books of the warehouse and on the receipt issued to the owner of the cotton. With this information the owner and holder of the receipt can readily follow the values of his cotton from day to day by the market reports and sell when he so desires by merely transferring his receipt."

The number of buyers who must be supported under the

present system of selling also makes the buyer's margin of profit absolutely excessive. We have already commented on the veritable army of cotton buyers in Memphis, Tenn., as an example of the wastefulness of present methods.

When the writer was in Minnesota he found that through co-operative live stock selling the stockmen there are now supporting only one buyer to the town (and he is the farmers' own man responsible to them for his actions) instead of four or five buyers as previously, responsible to no one. When will our cotton farmers learn the same lesson?

X

Finally, we may summarize our conclusions by saying:

(1) No cotton should be allowed to lie out in the weather. You will be sacrificing \$10 in grade for every \$1 you imagine you will gain in weight.

(2) The present system of individual selling of cotton must go—"everybody for himself and the devil take the hindmost." There are too many of the "hindmost" who catch the gentleman aforementioned; and there are too many unnecessary middlemen to support. Cotton farmers must organize to sell co-operatively on special days and in large quantities.

(3) They should have their cotton graded by an expert and impartial grader.

(4) They should see to it that they get the benefit of higher prices for grades above middling as well as bear the losses on grades below middling.

(5) Especially in long-staple cotton is careful grading of the highest importance.

(6) Farmers should get reports of what all available market towns are paying and find out whether in any of them prices are being held down by a buyers' "trust," acting without competition. In such cases they should appeal to the business men and commercial bodies of the town

for help. These business men will realize that such methods will cause farmers to boycott the town and hurt trade.

(7) Farmers and tenants should be encouraged to have their bills fall due in two or three payments instead of having to settle everything around November 1.

(8) The same co-operation recommended for practice in selling lint should also be observed in selling cottonseed, and the co-operative warehouse should handle both lint and seed.

(9) These and other plans should be discussed in your Farmers' Union or other farmers' organizations; and if the farmers are not organized in your community, this will be a good object to organize them on. Farmers fighting single-handed can never bring about the reforms needed for their relief.

CHAPTER XIII

A \$5,000,000 TRUCK MARKETING ASSOCIATION IN VIRGINIA

A First-Hand Account of the Famous "Eastern Shore Produce Exchange"—Averages a Carload of Potatoes for Every Hour in the Year—A Wonderful Business Organization Which Maintains Agencies in All the Great Centers and Has Lessons for Co-operative Societies Everywhere.

I RECKON that's the court house," said Professor Camp to me as we walked through the little town of Onley, in the eastern shore of Virginia, and came in sight of the handsomest building in the place. But it wasn't the court house at all. It was the home office of the "Eastern Shore of Virginia Produce Exchange," as a large sign across the front quickly informed us.

The building itself is pretty tangible proof that this idea of co-operative marketing is getting in the air, and not only getting in the air, but getting very substantially rooted in the good earth of everyday business. And the proof is even more convincing when I say that from this building this Eastern Shore Produce Exchange handles about \$5,000,000 worth of business annually, shipping on an average more than one carload of potatoes for every hour in the year.

How the Exchange grew to such proportions is naturally the reader's next inquiry. And the answer is in part that, like Rome, it was not built in a day. "You seem to have had a rather easy history," I said to Secretary-Treasurer A. J. McMath as I began talking with him. But he was quick to reply that Jordan had been a hard road to travel for the Eastern Shore Exchange as well as for nearly all farmers' marketing organizations, and that it had in fact

come up through great tribulation. The organization was born out of the poverty and disappointments of these Eastern Shore Virginia farmers—it is limited to Accomac and Northampton counties, in the Cape Charles peninsula north of Norfolk—in 1899. As a result of several meetings held that year a committee of twelve framed recommendations for a marketing organization, and it was finally incorporated January 6, 1900. Shares were fixed at \$5 each, and in order to make it easy to get members, any white grower was authorized to take stock by paying 25 cents down, the remaining \$4.75 to be paid by the end of the year. By August \$3,500 had been paid in, and the first season's volume of business proved, on the whole, pretty satisfactory.

"The system of marketing before the Exchange came was, in fact, just about as bad as it could well be," Mr. McMath remarked to us. "The local buyers who took the farmers' produce found it to their interest to force prices as low as possible. Ten cents a barrel was the usual commission allowed them by the employing houses, and the lower the price at which they bought, the more barrels they could buy and the quicker they could turn over the money, and the better pleased were employing officers."

To put it in a nutshell, for every Exchange employee the farmers are now supporting, employed by them to get the best possible prices for them, the farmers were then supporting six to ten times as many local buyers, whose activities inevitably resulted in forcing the lowest possible prices on them.

The first big fact to consider about Eastern Shore Exchange methods is that it does not consign the farmers' products, leaving the commission merchant to report later what were the prices received, but fixes prices by wire before making shipment to the buyer; and the farmer knows the very next day how much per barrel his potatoes will fetch him.

Secondly, the Exchange with its 2,500 stockholders and 1,000 additional patrons, controls 75% of the potato crop

of the two big potato-producing counties of Accomac and Northampton, so that commission merchants can place orders with it, confident that they will be filled, and reasonably certain that the prices paid by them represent actual and *stable* market values.

Thirdly, the Exchange inspects every shipment, putting its registered "Red Star" trade mark on every shipment of No. 1 quality, so that buyers call for the "Red Star Brand" and are willing to pay a shade more for it.

The largest and most reputable produce houses North, East and West, therefore, had rather buy from the Exchange, even when other Eastern Shore agents wire them the same prices, (1) because they know that with its big business the Exchange will be surer to fill their orders, and (2) because the Exchange guarantees quality as represented.

In order to explain more readily the Exchange's method, let us describe a typical day's work in the shipping season. The first thing the officers do is to 'phone the Exchange's forty-three agents, the men employed to represent at forty-three shipping points scattered all over the two counties, and find out just how many cars will be offered for shipment. Oak Hall, say, will report three cars "Star brand," Tasley one or two unbranded, Onley five cars "Star," and so on and so on. Then the totals are footed up, and it is "up to" the Exchange to sell them for the growers. By 8 or 9 o'clock telegrams report the prevailing New York prices—and New York prices, of course, determine prices in a considerable area around New York. If New York prices are low, then the Exchange may wire its agents in Chicago, Pittsburg, Toronto and Scranton (a regularly employed agent of the Exchange is kept all the time in each of these places as well as in Boston), and the Exchange officials will also wire as many jobbers in other cities as the size of the day's business seems to require. Perhaps the telegram will read: "We offer you today one car Red

Star \$2 barrel." Perhaps a number of orders will be wired back at this price, but some jobbers will reply: "Cannot pay \$2 here, but will take two cars at one ninety." By 1 or 2 o'clock the Exchange officials have wired directions for shipping most of the cars, and they also know whether or not all the cars can be sold at the \$2 rate. If all cannot be sold at this figure, some orders may be filled at \$1.90, or perhaps some may have to be sold at \$1.85, in markets where local conditions will not justify the higher price.

Nevertheless, it would be manifestly unfair to pay one farmer \$1.85 and another \$2, when both had brought to Exchange officials the same grade of potatoes and at the same time. Therefore, it is the custom of the Exchange to pool prices or to average them so that on each day's shipment all farmers will get the same price for the same grade of product. If, for example, five cars are sold at \$1.90 and five at \$1.70, the price paid both classes of shippers will be \$1.80. Of course, some growers produce an extra fancy product, however, which commands superior prices, and in such cases they get a corresponding premium above the average paid for standard grades.

And the Exchange does a big business not only in number of barrels handled and in money turned over, as we have already indicated, but also in territory served. Let us take a look at the shipping books for July 15, 1913—a rather small day's business, it is true, but one which will illustrate the range of distribution. Three cars were sold to South Bend, Ind., six to Toronto, six to Providence, three to Boston, five to Detroit, twenty to Pittsburg, three to Worcester, two to Portland, five to Scranton, and one each to Allentown, Dayton, Hartford, Trenton, Newark, Rochester and Carbondale.

Frequently the Exchange's sales, in a single day, will reach a total of two hundred carloads, and the record day's sales, made last season, was about three hundred and twenty-five cars of Irish potatoes. With this volume of business the

geographical distribution is much wider; and in the sweet potato season the association sells from Portland, Me., to Tampa, Fla., and as far west as the cities of the Rocky Mountains.

Under the old system of selling, the Eastern Shore farmers were systematically fleeced (and we seem to have heard that farmers in unorganized sections are still systematically robbed) by dishonest commission merchants who report, "Market glutted since you started your shipment; prices all off," the commission merchant proceeding to make settlement accordingly; or perhaps the report will be, "Your shipment reached us in bad condition; will command only one-half or two-thirds regular market price." And in such cases, what redress has the small unorganized trucker? He cannot afford to make a trip to New York or Buffalo or Chicago, as the case may be, to see whether the report is correct or not. He must take what is offered.

But the unfaithful produce dealers have long since learned to play no such fantastic tricks before the Eastern Shore Exchange. In the first place, the Exchange has regularly employed representatives in a list of cities we have already given (and in sweet potato season a man in Kansas City and another in Cincinnati), and any of these agents will immediately investigate any trouble that is reported with any Eastern Shore shipment in his particular city. Or if trouble is reported in any city where the Eastern Shore has no agent, there is usually one of these agents near enough by to run over and get justice for the shippers if the matter cannot be arranged by wire. Of course, after fourteen years' experience in the business Mr. McMath knows there are certain dealers whose word he cannot take. He also keeps a sharp eye for the financial standing of every man to whom a shipment is made—as was indicated by the big copies of Dun and Bradstreet at his hand as we talked, each twice as big as an old Unabridged Dictionary—and he told me that he did not lose a dollar by selling to any financially unsound dealer last year.

Nor are the members of the Eastern Shore Exchange the only ones who benefited by its activities. "If local men beat down the price at some place where we are not strongly organized," Mr. McMath told me, "we may go there and buy for our protection. Here's a case in point: On one occasion when potatoes had been selling the day before for \$2.50 a barrel, the local buyers put out word that the market had broken and that \$1.75 was the best price to be had. We found it out, put our buyers there buying shipments at \$2.50 and before night the price had advanced to \$2.75!"

"What system have you for inspecting your products so as to keep up the reputation of the 'Red Star' brand?" was one of the next questions we fired at Mr. McMath.

"An inspector is employed at every shipping point," was his reply. "He is required to examine one package in every five, but if a shipper with a bad reputation should show up, the inspector might examine half of his offerings. Then, too, you must remember that every barrel which bears the Red Star brand of quality also has the grower's mark on it—either his initials or some other mark of identification. For example, suppose a bad lot of potatoes should get by the inspector and complaint should come back to the Exchange. 'What were the initials on the barrel?' I would ask. Suppose the reply should be 'B. T. F.,' for example. Very well; I would call up the inspector at the point of shipment and tell him to be more careful about B. T. F. thereafter."

I then put this question: "But, suppose there should be continued complaints against B. T. F.; would you fire him from your membership?"

Mr. McMath's reply was characteristic: "Well, the first man we would fire," he answered, "would be the inspector himself! It's his job to keep poor stuff from getting in with first-class stuff."

But any unscrupulous grower has learned long since that it doesn't pay to try to pack off an inferior product on the inspector. If he does, he may wind up by having his whole

shipment go out unbranded, whereas with honest grading all the better part would get the advantage of "Red Star" quality prices. A chief inspector has general oversight of the local inspectors and does much to keep grading uniform and to remind inspectors that the Exchange, like England at Trafalgar, "expects every man to do his duty."

Finally, we come to a consideration of the business principles upon which the Exchange is conducted. The Exchange, in fact, is one of these enterprises operated partly upon capitalistic and partly upon co-operative lines—a sort of institution of which we shall necessarily have thousands of examples while the co-operative idea is getting itself understood, and a greater or smaller number probably for the rest of the time. The ideas of "patronage dividends" and "one man, one vote," had not been much heard of in the South when the Exchange began business fifteen years ago; and it has been necessary, therefore, to graft some new ideas on it and yet not wholly destroy the present stock.

Up to four years ago all dividends had been paid on stock and there had also been trouble on account of some of the larger stockholders transferring their shares at opportune times for electing local agents, etc. Accordingly a rebellion arose—a rank, bitter, riotous sort of rebellion such as nobody else can equal farmers for raising. The rebels wanted patronage dividends and the "one man, one vote" principle.

The final result was a sort of compromise. The bigger stockholders maintained that they bought stock with the understanding that they would have one vote for each share—that was, in fact, a requirement of the Virginia law at the time—and that all dividends would go to stock. So an arrangement was voted whereby a 10 per cent dividend is declared on stock, and of the remaining surplus one-half is divided up among all the shippers in proportion to the quantity of produce shipped—as a patronage dividend—and the other half is carried to the surplus or reserve fund of the Exchange.

But certainly 10 per cent is as much as any such concern should pay on stock, and as soon as the surplus becomes large enough to insure the Exchange against a season of bad years, not merely half but all profits above 10 per cent on stock should go as patronage dividends.

It should be added, however, that the accumulation of a surplus fund soon raised the actual value of the Exchange's stock above its par value, and that the price was raised accordingly. At present, with a capital of \$41,780 (par value), the association has \$108,000 surplus, and stock is issued only at \$15 per share; so that the nominal 10 per cent dividend means only about $3\frac{1}{3}$ per cent on a new stockholder's money. Moreover, the amount required to pay this dividend (only a little over \$4,000) is insignificant in comparison with the Exchange's present annual business of four or five million dollars.

The Exchange, of course, "does business on business principles," as a time-worn but necessary phrase puts it; has always been willing to pay good salaries to get efficient, capable men; and uses the most systematic and up-to-date methods of carrying on its business. We found the books remarkably simple and well kept; they are regularly audited by some of Virginia's best accountants, and any stockholder can take a look at them whenever he feels like it.

Moreover, while the idea of patronage dividends was not abroad in the land at the time the Exchange was organized, things were even then so arranged that the profits would be distributed with some rough approximation to equality. It has always been against the rules for any one man to own as much as one-tenth of the stock, and most of the 8,350 five-dollar shares (total capital stock, \$41,750) are held in blocks of one to five. All told there are about 2,500 stockholders.

It should be remembered, however, that the Exchange handles business not only for these 2,500 stockholders, but also for about 1,000 non-members who have "shipping

privileges" in it. Any white man, at any time, can buy one share of stock at its cash value and become a member of the Exchange. White farmers who do not care to do this, or negroes who wish to use the Exchange, may nevertheless have their products handled by it by paying \$1 apiece for a "shipping privilege" and agreeing to have all their produce handled by the Exchange. The last named requirement is imperative. No man can ship today through John Smith and tomorrow through the Exchange. If this were permitted the managers would never know what business to count on. The only exception to this rule is that if local buyers at any time offer unjustifiably high prices for a product in order to get trade away from the Exchange, its officials may direct the farmer to take them up. "These buyers can't keep it up long," is the argument, "and we are perfectly willing to give them plenty of rope to hang themselves."

Another significant advantage of co-operation was brought to light in the course of our investigation of the Onley Exchange. Year before last, just about ten days before its members would finish shipping their potatoes, it was discovered that the New Jersey potato growers just north of them were themselves about to start bumper shipments to Northern markets. With the Eastern Shore Exchange and the New Jersey growers both shipping heavily at once, prices would naturally have gone to pieces, probably selling low throughout the rest of the season. But the Exchange officials sent word to the New Jersey marketing societies, "Please hold off ten days till we can get through and it will be better for both of us." And so it worked out, whereas without organization the New Jersey growers and the Eastern Shore Virginia growers would simply have cut one another's throats, financially.

Of course, the Exchange doesn't satisfy everybody. I found one man who was very badly dissatisfied with it. But after he had expressed himself vigorously and picturesquely, swearing that some of the inspectors wouldn't know how to hitch up a plow horse, and that farmers should

do their own shipping and not have any confounded Exchange inspectors monkeying with their produce, I asked him how many barrels he shipped through the Exchange. And then it developed that he wasn't a farmer at all, but a sort of gentleman superintendent of the universe. Have you ever noticed that those who won't work and are failures themselves always take great pleasure in abusing those who do work and succeed? Nor have I yet had it explained to me why it matters much whether a potato inspector can hitch up a horse or not, provided he knows potato inspecting from A to Izzard.

"You know how it is," our grumbling citizen called to a farmer acquaintance who was listening to him. "What did you get for your potato crop last year?"

"Well, I didn't get but \$18 last year for my Irish potatoes, as you know," was the reply, "but in trucking you will have a spell of tough luck every now and then. But I have studied my business enough to know that if I were to quit the Exchange I'd lose nine times out of ten."

The rest of my story can be quickly told. The general manager of the Exchange, co-laborer with Mr. McMath, is Mr. W. A. Burton, and the business of the company is conducted by these two men and a corps of young associates—a more general supervision over its affairs being exercised by a board of thirty-three directors. One director and a local executive board is elected by each of the thirty-three local divisions of the Exchange.

All in all, the "Eastern Shore of Virginia Produce Exchange" is a great experiment in farmers' co-operative marketing, and while we might wish that it worked a little more fully on the basis of patronage dividends and "one man, one vote," we are reminded of Josh Billings's saying: "It ain't no use to argy ag'in a success!"

And the Eastern Shore of Virginia Produce Exchange is certainly a success!

CHAPTER XIV

A NORTH CAROLINA COUNTY CO-OPERATION HAS WAKED UP

The Catawba Farmers Started with a Co-operative Creamery, and Now Have Co-operative Egg Collecting, Fire Insurance, Potato Marketing and a Farmers' Building and Loan Association—Farm Women's Clubs an Important Factor—A Co-operative Laundry Is in Prospect.

CATAWBA COUNTY, North Carolina, is the finest example in the South—so far as I know—of what co-operation will do for a community, and the heart and center of the movement in Catawba is the "Catawba Co-operative Creamery Company."

This creamery, whose new building was recently dedicated, was organized June 1, 1910. A statement of its progress since that time is given in the following table:

Number of patrons when organized.....	38
Number of cream patrons now.....	204
Number of egg patrons, about.....	400
Amount paid for butter fat (first year).....	\$14,868
Amount paid for butter fat (second year).....	\$22,015
Amount paid for butter fat (third year).....	\$32,638
Details of business for the year just ended:	
Total sales	\$51,935
Egg sales	\$16,431
Cream sales	\$10,390
Pounds of butter made.....	99,917
Number dozen eggs received.....	78,579
Average price paid for butter fat for the year, 30c. per pound.	
Average price paid for eggs for the year, 21c. per dozen.	

It will be noted that this is a combination creamery and egg-collecting society; and it is going to do a number of other things before getting grown. The Catawba people

have the right idea in thinking that when they have the machinery for a business perfected, they might as well use this machinery for all it is worth. They hadn't been running two months before they found out that they had started with too small a number of cows (300) to make the business pay unless they took on some side line. So they got together and decided that the wagons that were collecting the milk from the patrons might as well collect their eggs also; and this is what they proceeded to arrange for.

The net result of both activities is that the farmers have received from one to four cents a dozen extra profit on their eggs by working co-operatively; and they have received about twice as much for their creamery butter as they would have received for ordinary farm butter. As I write this, the creamery butter brings from 30 to 37 cents a pound, while ordinary farm butter is sold for from 15 to 20 cents a pound.

Moreover, the creamery, which started with \$1,500 capital stock borrowed from the bank (\$1,000 being spent for equipment, while a building was rented in which to conduct the business), now has equipment worth \$3,500 and their new building is worth \$3,500 and lot \$1,500.

Perhaps the chief reason why this creamery has succeeded so notably while many other southern creameries have failed, is that the Catawba creamery is operated squarely on the co-operative principle. Each patron is expected to take one or more shares of stock at the par value of \$10, but on this he receives only 6 per cent interest, all the profits being divided among patrons in proportion to the amount of business furnished. At one time profits were allowed to accumulate for some time, so that at one meeting the stockholders found an accumulation of \$1,000 in profits in the treasury. Now, however, the plan is to pay every member at the end of each month the exact amount realized from his cream or eggs, less the necessary deduction for the management and upkeep of the business. In other words, the patron not only gets paid cash for his

products every month, but he gets a monthly dividend on his investment in the shape of increased prices received for his product, through co-operative marketing.

But, of course, not even the co-operative principle, or anything else, would have enabled the Catawba creamery to succeed without efficient, capable men in charge. If most of the credit for starting the enterprise belongs to Mr. J. A. Conover, certainly most of the credit for making it a success belongs to W. J. Shuford, the wide-awake manager, who combines practical business sense with vision and enthusiasm. Mr. Shuford looks after the business of buying and selling, collections, correspondence, etc., attending to all of this at a salary of \$50 a month, in connection with his other business interests. The butter maker attends to making the butter, shipping and receiving cream, pasteurizing, testing, etc., and has an assistant who acts as bookkeeper. As usual, however, one finds back of a good official a good board of directors. "We have nine good men, three selected each year for a three-year term," said Mr. Shuford to me, "and the great secret of success is that they have worked consistently for the good of the company, and with no desire to unload brothers or nephews or special friends on the creamery."

Cream is collected three times a week at a cost of about $2\frac{1}{2}$ cents per pound of butter fat. Six routes are conducted, and I was told that each driver makes about twenty miles a day. After the route is properly developed, the driver is paid a regular salary. Until then he gets one cent a dozen on all the eggs he collects; three cents a pound on all butter fat, and a commission on the cream separators he sells.

What I mainly wish to point out in writing this chapter, however, is how progress in one line stimulates progress in all lines. I do not think it is too much to say that the success of this co-operative creamery has made Catawba County a new county. The people have a confidence in themselves that they never had before; they have developed

a business ability they never had before, and in the not distant future we shall doubtless have people from all parts of the United States, and even from foreign lands, visiting Catawba County to see an example of what the spirit of co-operation will do for a farming community. The people started with the co-operative creamery; then they began to collect eggs; now they have begun to ship poultry. A farmers' mutual insurance association, of which about 1,500 Catawba farmers are members, has for years insured them against fire at a cost of 15 cents on the \$100. Moreover, the creamery patrons buy fertilizer and feed in carload lots. Latest of all is a Farmers' Building and Loan Association, and before a great while they will doubtless have a co-operative laundry in connection with the co-operative creamery. A co-operative selling agency in connection with the creamery is also being worked out—a sort of farmers' exchange.

Moreover, from the Hickory creamery have gone out waves of influence that have affected all the citizenship of the county. A good county fair has been organized. A wide-awake county commissioner of agriculture is regularly employed. There are thirty-five local tax school districts in the county, and two townships have voted \$50,000 bonds for road building. A county superintendent of schools gives his whole time to the work. An appropriation for the extermination of hookworm disease was made some time ago, with the result that one county commissioner said that it was the best money he had ever had a hand in spending.

Altogether, therefore, one has only to breathe the air of Catawba to get thoroughly charged with the electric spirit of progress that is remaking the county.

Consider, for example, the new Farmers' Building and Loan Association, perhaps the first thing of its kind in the South. When Mr. Shuford called a meeting of men to help organize it, he had present the president of the First Na-

tional Bank, the mayor, the manager of the Piedmont Wagon Company, and other leading men who would not have had any faith in the business ability of farmers five years ago. At this meeting the following plan for the association was adopted:

"The purpose of the Association is to combine the payments of the members into a fund for making loans to each other, and for the purpose of buying and improving lands, buildings and purchase of implements, machinery and stock, and for bettering conditions on the farm.

"The organization to be made under the building and loan law of North Carolina, and to be managed by a board of directors who, with a president, vice-president and secretary and treasurer, shall have sole charge of the business, subject to such by-laws and regulations as the stockholders shall adopt.

"All money received shall be placed in a general fund, from which all loans shall be made on approved real estate security, or on the paid-in value of their stock, installments and interest to be paid monthly. The stock shall be issued with a par value of \$100 payable in proportionate installments, either monthly, quarterly or semi-annually."

Sooner or later a co-operative store will doubtless be established also; and as I have intimated, plans are now being developed whereby patrons who have anything to sell will be brought into touch with any who wish to buy. For example, if one farmer wishes to buy four or five pigs or ten bushels of peas, he will be put into communication with a farmer who has these to sell.

"And instead of sending North for breakfast strip and having our townspeople pay 35 cents a pound for it," said Manager Shuford, "we are going to arrange to keep this money at home in the near future by doing meat curing of the finer sort."

Another instance of the progressive spirit of the Catawba people and of their new faith in themselves is found in the organization of a sweet potato marketing association to ship and sell Catawba's annual 300,000 bushel crop. "We sent out a notice the other day," said Mr. Shuford, "and promptly got sixty-five farmers to the meeting. A few years ago not half a dozen would have come." This

organization will not only undertake the marketing of the sweet potato crop, but an effort will be made to get all the farmers to grow just the type of potatoes demanded by the northern market. In other words, it will seek not only to save the middleman's profits, but also to get extra profits through standardization and improved methods of grading.

The Catawba folks are also making a determined effort to have their farm schools train for farm life. The fact of the business is that if anything is found anywhere in Catawba County now that "hadn't ought to be" a wholesale war is immediately declared against it, no matter how ancient its title. More than this, the Catawba folks are even going out of their way to find out whether any bad conditions exist that they haven't known about. They are now preparing to have a "rural survey" of the county and have already made a survey of one or two school districts—finding out such things as how many farmers in the district read no papers, how many children are not going to school, how many people in the district are not church members, how many children in the district are attending college or high school, etc.

Of course, a wide-awake people are not going to be satisfied with bad roads, and there is now great enthusiasm over the sand-clay roads that are being built and which are better in many respects than the macadam roads that cost three or four times as much per mile.

The county's country schools are not kept open as long as they should be, but here again the leaders are keeping up a campaign of "agitation, irritation and education" for better things.

In short, the Catawba folks have been waked up by co-operation, they have been inspired by an ideal of just what a farming county may be, and as Mr. Foster, the county demonstration agent, said to me, "We are not going to let anything stop us."

I met a lot of interesting men on my latest trip to Catawba

—men who are carrying on this creamery work and poultry work, marketing work, etc., but the two most interesting persons I met there were women: prophetic and significant persons they were. These were Mrs. John W. Robinson and Mrs. Gordon Wilfong, leaders in the two new clubs of "United Farm Women" organized in Catawba.

No sort of movement for rural co-operation or for the development of a greater rural civilization can win large success unless it recognizes and makes room for the country woman; and it is also true that the men will never organize the women. Our farm women must themselves develop leaders for their own work. The inspiring fact is that this is just what is happening in Catawba County. I don't know when I have ever felt a keener joy in having some hand in this organization of country life than I felt as I talked with a young farmer's wife who has caught a vision of the possibilities of organizing the country women, and, as Mr. Foster would say, "is not going to let anything stop her" until the result is achieved.

"We have pretty good conditions in our neighborhood," she told me, "but I can never be satisfied simply to have the best social conditions in my immediate community and the best schools for my own children, if I know that other districts in the county are yet wholly untouched by the new spirit. I want to reach the stay-at-home woman who feels that nobody wants her at a meeting. And the only way I know to do this is to have a county meeting and get the women in each school district who are interested to come and then put on them the responsibility of reaching these other women."

Finally, Mr. Farmer, Catawba is only a good illustration of what your county might be if you would only get it waked up. Why not wake it up?

CHAPTER XV

WHAT CALIFORNIA AND FLORIDA CITRUS FRUIT GROWERS HAVE DONE

Florida Growers Spend About \$100,000 in Advertising and Opening Up New Markets, Thereby Greatly Increasing Prices and Profits—"California Fruit Growers' Exchange" a Marvel of Efficiency—Central Organization Advises, Locals Act—Blanket Freight Rate an Important Factor—Co-operation Cuts Cost Packing and Handling in Half and Reduces Cost of Distribution to 3 Per Cent—Associations Run Their Own "Orchard Supply Company."

NOWHERE have growers of agricultural produce achieved greater success through organization and co-operation than has been won by the growers of oranges, lemons and grapefruit in California and Florida. I have before me as I write this a letter from Mr. L. D. Jones, general manager of the Florida Citrus Exchange, in which he sums up the first four years' activity of the Florida organization as follows:

"Four years ago Florida citrus fruits were comparatively unknown outside of some of the larger markets and a portion of the Southern states. Last season the Florida Citrus Exchange oranges and grapefruit were sold in nearly all the markets from Portland, Me., to Portland, Ore., and from Detroit to New Orleans; the energetic advertising campaigns that have been conducted by the Exchange, and the superior manner in which the fruit was graded and packed, extending their markets to this extent. It must be understood that approximately \$100,000 was spent in advertising Florida fruits by the Exchange, at an infin-

itesimal cost to the individual grower. Again are the beneficent results of co-operation in strong evidence. During this progress along lines mentioned, the prices of fruit have steadily advanced; grove property has greatly enhanced in value, which has, as a consequence, strengthened all lines of business in the citrus belt of the State.

"As evidence of the continually increased price from year to year, the following audited figures are given showing the average f. o. b. Florida prices per box: Four seasons ago, \$1.15; three seasons ago, \$1.51; two years ago, \$1.93; last season, \$1.96.

"Thus it will be seen that in the four years' existence of the Florida Citrus Exchange that it has actually raised the average net price per box 81 cents. The statement, then, that grove property has been greatly enhanced in value, and that all lines of business in the citrus belt have been greatly strengthened, can be readily understood."

It is in California, however, that the most remarkable success has been won through the medium of the largest business organization of growers in the United States—the "California Fruit Growers' Exchange." For efficiency it is to be compared with the Standard Oil Company.

The California citrus fruit industry, it should be noted, has passed through all the trials of disorganization and organization. Some years ago, for lack of a marketing organization, a large part of the crop of oranges remained on the trees in the summer. Residents there still recall how the sight of golden harvests ungleaned everywhere advertised the lack of an adequate distributing system. The growers were at the mercy of the local buyers, who divided the territory or fixed a maximum price. Twenty years ago overproduction was feared, though California had only 5,000 carloads of oranges to market annually. Now that the growers have been organized, no difficulty is experienced in distributing 45,000 carloads a year.

The organization of the citrus fruit industry began with

the formation of local associations, the membership in these ranging from four to 200. These local associations, of course, could only sell to local buyers or to representatives of distant buyers; and under this system, or lack of system, no efficient distribution of the crop could be secured. One association would not know but that another might have already oversupplied the very market to which it was preparing to ship. Moreover, they were likely to glut the larger markets and undersupply many smaller cities willing to pay better prices.

When local associations thus proved inadequate, some of them federated and formed "The California Fruit Growers' Exchange." Eighty per cent of the growers are now organized into co-operative associations and 65 per cent belong to this California Fruit Growers' Exchange. It has handled during the last nine years \$121,000,000 worth of products.

And now let us briefly describe the work of the local associations and the general organization.

The local association grades and packs, and sometimes picks the fruit of the members. Fruit of the same grade is put together and each member receives his share of the receipts, according to grades. Fruit of the best quality is sold under the general brand of the central exchange and also under the brand of the local. Thus a general reputation for the fruit of the California Exchange is developed while at the same time the growers in each local are encouraged to make the brand of their own particular locality as famous as possible.

The 115 local associations working as indicated are divided into seventeen district exchanges. The district exchange orders cars for the locals and keeps a record of all cars sent out, and each district exchange has one director in the general State exchange.

Then the central exchange acts as a clearing house for collecting telegraphic news of the trade, for receiving offers

for fruit, and for redistributing this information to all the district exchanges. The central exchange, however, as we should make plain in the beginning, does not sell a single box of fruit. It simply provides at cost the facilities through which 7,000 growers sell their fruit to jobbers at distant markets. It employs banded agents to drum up trade and to report price fluctuations and market conditions in all the principal cities of the United States and Canada. If a buyer makes an offer to one of these agents, he has no authority to accept it, but telegraphs it to the central exchange which in turn passes it on to the district exchange, and the district exchange to the local, which has the particular brand of oranges wanted. The reply or return offer is sent back to the agent by the same way. Thus the agent acts only upon instructions from the shipper.

The reserved rights which the shippers have are defined in contracts between the California Fruit Growers' Exchange and the local associations as follows:

"Each shipper reserves to itself the right to regulate and control its own shipments, to use its own judgment, to decide for itself when and in what amounts it shall ship; to what market it shall ship; where its products shall be sold, and, except at auction points, the price it is willing to receive, fully reserving the right of free competition with all other shippers, including other members of this organization, unhampered and uncontrolled by anyone."

Thus it will be seen that the central exchange does not try to control prices by "scanting" a market or by fixing a minimum price in all markets. In the West it has the field to itself. In the South and East it is in competition with European and Florida fruit. The Exchange does not try to obtain the profits which a trust gets from fixing prices. It does, however, acquire the profits of controlling prices by as even and wide a distribution of fruit as possible. No market is glutted and no market is undersupplied. The grower receives a better price for his fruit, while the fruit is distributed at a decreased cost and the

consumer obtains it at a lower price than formerly.

The local association has the complete power to determine the diversion and final destination of each car, and of deciding upon the price which it is willing to accept for each shipment. The Eastern Shore of Virginia Produce Exchange, as readers know, practices the opposite method, determining at the central office the destination of shipments and all prices for the growers.

An arrangement which will doubtless surprise the average reader is this: The railroads have granted the California Exchange a blanket freight rate; that is to say, the same rate whether the fruit is shipped to Kansas City or New York. Some cars may be stopped by telegram in Arizona or New Mexico, if the prices are better in those sections; other cars may go on to Texas, or if prices are not good there, they may be diverted to Kansas and Minnesota; or they may be kept going on to Pittsburgh, New York or to Toronto. The same freight rate obtains whether the car finally stops in New Mexico or in Montreal. At any point en route the car may be stopped or diverted. As Prof. Harry Clark says:

"In the Los Angeles office there is a card index for every car, telling its brand and on what railroad it is being shipped and its destination. When a telegram is received stating that the people in a certain city do not care for oranges, the clerk in Los Angeles steps to his card catalog and finds what cars are headed for that market. At the same time he has received a telegram that other cities are eager for oranges, because the taste of certain cities, just like that of individuals, varies from day to day. The manager telegraphs and catches the car headed to the city which does not want oranges. Perhaps this car is 100 miles from that city. He stops it immediately, has it switched on to another train and sent to the city which does want it. In that way every box of California oranges is sold where it is wanted at good prices and losses are reduced to a minimum."

The fruit is sold either through orders received by agents from jobbers or at auction in the large cities. A part of the fruit is sold f. o. b. at an agreed upon price, subject to

inspection and condition on arrival; and part f. o. b. at a certain price which is not subject to inspection on arrival. When fruit is sold by the latter method a deduction from the price is made for cash at the time of shipment.

One more important activity of the organized citrus growers should be noted. The 115 local associations own the stock in a \$1,000,000 orchard supply company. This company was organized because the price of box lumber was almost doubled in one year. The company has bought much timberland, manufactures boxes for the members and in 1911-12 sold to the locals at cost \$2,068,591 worth of boxes, labels, tissue paper wrappers and general orchard supplies. It has also handled as much as six tons of vetch seed for members in a year. Through the co-operative purchase of supplies the cost of packing oranges has been reduced from 60 cents or more per box, the amount charged when the buyer packed the fruit, to an average cost of 33 cents per box, while the cost of packing lemons has been reduced from \$1 or more to an average cost of 60 cents per box. A co-operative fire insurance company gives protection at remarkably low cost. "After six years," it is said, "the losses are less than the actual premiums of regular fire insurance companies."

All the facilities provided by the central exchange or district exchanges are also furnished at cost. In 1912-13 the total cost of distributing oranges and lemons to wholesalers amounted to only 3.13 per cent on the f. o. b. California returns, or less than $2\frac{3}{8}$ per cent on the gross receipts. Just what an achievement in collective marketing we have here is emphasized when we recall that as a rule it costs the individual farmer in the United States from 7 to 20 per cent on the gross sales to market his crop to the wholesaler. Since the formation of the Exchange the cost of handling and packing has been reduced by almost one-half.

One more remarkable fact about the Exchange is that

its \$16,000,000 to \$20,000,000 business a year ago is transacted with only \$1,700 of paid-in capital. The local associations move the crop East on their own credit, the growers either waiting for the cash returns until the money reaches them from the jobbers or securing an advance from the bank.

In conclusion, it is interesting to note the method by which the Exchange is financed. An arbitrary assessment for the cost of handling is determined at the beginning of each year. This assessment is based upon estimated shipments and upon the probable expenses, and includes such items as salaries of agents, telegraphic services and legal fees. The central exchange allots the amount of the assessment each month upon each district exchange at so much per box, based on the number of boxes shipped. An adjustment is made of the surplus or deficit at the end of each year.

The central exchange, district exchanges and the local associations are organized on purely co-operative principles. The local associations and the district exchanges are either stock companies with a fixed dividend or non-stock companies with no dividends. The central exchange is a non-profit corporation. It performs its services at their actual cost and declares no dividends. There are no profits to quarrel over. The local associations receive all the proceeds minus the assessment for running expenses, which is prorated according to the amount of products marketed.

CHAPTER XVI

AN ARKANSAS COTTON MARKETING ASSOCIATION

How the Planters Around Scott, Ark., Got Together, Formed the "Scott Cotton Growers' Association," and Marketed the First Year 7,554 Bales of Cotton and 63 Carloads of Seed—Profits Ranged as High as \$5 a Bale on Lint and \$4 a Ton on Seed—Total Business Nearly Half a Million Dollars.

WHILE other southern farmers have been busy discussing this or that plan of cotton marketing, the planters of Scott, Ark., have been busy not discussing, but, in so far as they are concerned, actually solving the difficulty.

Their solution of the best way to market the cotton crop of their section was by the formation of "The Scott Cotton Growers' Association." This association is composed of twenty-four planters from the country immediately surrounding the railroad station of Scott, Ark., representing 30,000 acres of cotton.

The objects of the association as set forth in its constitution are:

- (1) To produce cotton from pure seed;
- (2) To secure uniformity in ginning;
- (3) To sell cotton in even running lots;
- (4) To deal as nearly directly with the mills as possible;
- (5) To act in co-operation with the United States Department of Agriculture toward accomplishing these objects, and to take such further action as may be practicable to produce better cotton and improve the prevailing methods of handling and marketing same.

The objects as set forth above sound like some of the rules for good behavior in a book of etiquette; and yet when

one who is familiar with the cotton market stops to think it becomes evident that these people have struck good and hard at the root of many of the difficulties that we encounter.

In order that their object should not be a merely written formula but an accomplishment in fact, these cotton farmers went to work with a system and determination that could only result in success. The first thing they did was to build at Scott a sample room. Means for doing this and for operating the association were provided for by the fixing of a membership fee of 10 cents a bale from each member, according to the number of bales shipped by that member the year before the organization of the association. In addition, each member agrees to pay a commission of 50 cents a bale for every bale handled by the association. These assessments and commissions assured them sufficient funds to warrant their employment of a secretary, whose business it is to look after the affairs of the association.

The first business of the association was the securing of improved seed. These were purchased in carload lots and distributed to the members at cost. The association lays down the rules for the ginning and baling of the cotton, and thus having planted the same variety of seed and having ginned and handled the cotton in the same way, it became comparatively easy for the association to be assured of uniformity in the cotton. Each farmer draws his own sample and delivers it to the sample room, together with a statement of the number of bales corresponding to the sample. The buyer inspects these samples and buys from the secretary the number of bales he desires. The several planters furnishing the samples selected are notified how and when to ship, and the secretary receives the pay for the cotton and forwards to each planter his pro rata.

"What guarantee do you have that the cotton will come up to the sample?" we asked Mr. Brown, the secretary.

His answer was: "We admit to membership only such men as we believe will make up any deficiency in this

matter." The rock upon which so many associations of this kind split is the failure of its members to properly support it. They will live up to their agreement to ship all their products through the association so long as the association can secure them decidedly better prices; but the moment the association's prices happen to fall near the price offered upon the open market, they begin to figure that they can save that 50 cents a bale, and so the next thing that is known the amount of cotton handled by the association is so small that it ceases to command the respect of the buyers, and the result is another failure in attempted co-operation.

The breaking up of associations of this kind by the buyers is frequently accomplished by the knowledge of this failing. The legitimate buyer has every reason to encourage such an organization, but there are many "free lances" in the buying field, especially in that of cotton, who make their largest profit by undergrading rather than from a legitimate commission. Such men soon learn that an association is rather inimical to their business, and the artificial boosting of prices so as to induce its members to desert it is not an uncommon and, we are sorry to say, is a frequently successful, way of breaking up such an organization. When asked what penalty the association inflicted for the violation of the agreement to allow the association to handle all his cotton, Mr. Brown answered: "We attempt to allow only such men to join as we know will stick to their agreement. We have dropped one or two for violating it." So the penalty is immediate expulsion, and it is none too severe.

The association also handles the cottonseed of its members, for which service it receives 50 cents a ton in commissions. The seed are sampled and weighed by the buyer and owner at the owner's property, but are bought by the association. By being in a position to handle and supply both cotton and seed in large lots, both guaranteed as to quality, the association is able to attract the attention of the best buyers who are able to buy at less expense, and so are

naturally able to offer better prices for the goods. On the other hand the association is in a position not only to know the true grades of its goods, but to keep informed as to the best markets.

The first year's business—1913—shows that the association handled 7,554 bales of cotton averaging 521 pounds in weight. This cotton was sold for an average price of 11.64 cents per pound, f. o. b. the member's shipping point. The total price realized for this cotton was \$458,171.48. Of cottonseed they sold 63 carloads—1,388 tons—at an average price of \$21.80 per ton, f. o. b., or a total of \$30,176.07. In other words, the association in the first year of its existence did a business amounting to \$488,347.55—nearly half a million dollars.

The test of the value of any organization of this kind is the amount it is able to earn for its members above what they would have received for their product and over and above that received by the member of the community who is not a member. With the data at hand it is not possible to give this in exact figures, but frequent instances came to light during the season's operations where the association sold cotton for from one-half to one cent above that received for cotton of equal grade, raised in the community but handled by the individual. In a number of other instances when the home mills were paying \$20 a ton for cottonseed and these were the only markets for the man who was selling independently, the association sold seed for its members outside the State for \$24 a ton.

A premium of from \$2.50 to \$5 a bale on cotton, plus freight and all of the ordinary charges of shipping, and a similar premium up to \$4 a ton on seed, it would seem should be a strong enough inducement not only to hold its membership, but to attract others. The commission and membership dues, as compared with the ordinary charges for shipping and selling cotton or cottonseed are so small that they are practically negligible; and yet they have afforded the association ample revenues for operation.

But this association is only in its infancy, and has already

learned from its first year's experience how it can improve its work. At first each farmer drew his own sample and delivered it to the association sample room. Under these conditions there was not that uniformity of samples which would follow had these samples been drawn by one expert, and, as a consequence, the cotton did not always come up to the sample. This called for an adjustment and a making good which, to say the least, was a disagreeable necessity and one that the association has taken steps to avoid another year by employing an expert cotton buyer to do the sampling and grading. With this addition to their working machinery the association will be in a position to sell without the buyer even seeing the sample, and thus will be able to extend the limits of its market to cover the whole world. It is their desire, everything else being equal, to deal with local buyers; but they will thus always be in a position to deal with the mills direct and so will be able to force all other buyers not only to give them the maximum price for their goods, but to treat them fairly in all other respects.

There can be no doubt that while others have been discussing how to solve the problem of the best way to sell cotton, these people have taken the first steps, and long steps at that, toward doing it. As they gain more experience, improvements upon their present plans will no doubt suggest themselves and be adopted; but even without these improvements they have a plan that is a long step in advance of the old haphazard methods.

The officers of this association are: J. R. Alexander, president; H. T. Brown, secretary-treasurer; J. R. Alexander, Tom Fletcher, B. R. Costin, H. T. Brown and M. L. Walt, directors.

CHAPTER XVII

EVERY FARMER SHOULD JOIN A MUTUAL INSURANCE COMPANY

A Mississippi Farmer Tells How He Is Paying a Non-Mutual Company \$11.66 Per Year for Each \$1,000 Insurance, While Mr. W. J. Shuford Reports That in a Farmers' Mutual for Nine Years the Cost Averaged Only \$1.50 for Each \$1,000 Insured—\$3.63 Average a Safer Rule, However—Farmers Should Also Carry Accident Insurance and Live Stock Insurance.

A FORM of co-operation that should never be overlooked is that of mutual insurance. In a later chapter on "What Co-operation Has Done for French Farmers," we mention the great good the farmers of France have achieved in this respect, and it is a lesson our American farmers should take to heart.

Recently the writer received two letters from farmers in the same State (Mississippi), complaining about the absence of farmers' mutual insurance companies in that State. Farmer No. 1 said: "The writer, previous to 1910, was a farmer in Maine for eight years, and during that time was a member of the Patrons of Husbandry, which organization in Maine has a mutual insurance association for the insuring of farm property which was very successful, the cost being almost nothing. Since coming to Mississippi I find that the insurance rates are almost prohibitive, some companies refusing to write farm insurance. I would like to inquire if the farmers' organizations in the South have anything of the kind."

Farmer No. 2 wrote with even greater emphasis as follows: "We are paying \$35 a thousand for our farm insur-

ance covering three years. For a like amount of farm insurance in Illinois we pay \$17.50 a thousand. In other words, the cost here is 100 per cent more. Now, who gets the extra money and why are we submitting to such exorbitant rates without kick? Isn't it about time the southern land owners began to look this matter up with a view to cheaper insurance?"

Knowing that the Farmers' Mutual Fire Insurance Association of North Carolina is one of the most successful organizations of this kind in America, we brought these inquiries to the attention of the president, who wrote the author of this book as follows:

"We now have 19,724 members and \$17,570,886 of insurance in force at the end of the last fiscal year. We had paid losses during the year amounting to \$43,438.17, and had on deposit in the various branches \$23,056.06.

"The average cost of insurance for all the branches per year has been \$3.63 on one thousand dollars. This low rate is due to the fact that ours is a mutual insurance organization sure enough and not in name only. We do not undertake the creation of a surplus to be divided among policyholders or to put into stocks, bonds, buildings, etc. Our paid officers are few and their salaries are quite modest. For instance, there are only two officers for the state association receiving salaries, and in the county branches only the secretary-treasurer, who is really the manager for his county, receives compensation.

"Each county branch is independent in the conduct of its business and has no liability for losses occurring outside its own territorial limits. A branch, however, may embrace as many as three counties.

"When a person becomes a member of a branch, which he does when he takes a policy of insurance, he pays \$5 on \$1,000 (or at that rate for a less amount), and at the same time pays an advance assessment into the protection fund. After that only when there is a loss by fire, wind, or light-

ning in his branch does he have to pay anything more. Each branch is required to keep in its treasury one advance assessment so that losses may be promptly met. Agents are requested not to write over three-fourths of what is a conservative cash value on any property, and not to take any risk where there is doubt as to the moral hazard or where property is heavily mortgaged. Nor are agents allowed to insure expensive dwellings that have been left by owners to be occupied by tenants."

This letter gives notable information as to the mutual insurance movement as it affects an entire State. As to how one of the local branches of the same company has operated, the following statement, sent us by Mr. W. J. Shuford of Catawba County, N. C., in 1914, is illuminating:

"We have 2,268 members in the two counties (Catawba and Burke) and \$1,786,890 insurance in force. The management is invested in the hands of the president, vice-president, secretary and treasurer, and a board of directors of four in Catawba and two in Burke Counties, who are elected for the term of one year.

"The president receives a salary of two dollars per day and expenses for the time spent in the performance of any work for the association. The secretary-treasurer is paid a regular monthly salary, and devotes a good part of his time to the business.

"There is a supervisor in each township who passes on all the risks insured; and there is also a local agent who gets a small commission. No property is insured for over three-fourths of the actual cash value. The supervisor in each township assists in adjusting losses in his township.

"No building is insured in any incorporated town that is within 200 feet of the nearest building and its contents must not exceed \$1,500 in value.

"The losses occurring are paid by a pro rata assessment on each member, and must be paid within sixty days from date of notification. The assessments have been only 15 cents on the \$100 annually since 1905."

The statement that assessments in Mr. Shuford's branch had been only 15 cents a year on the \$100, or \$1.50 per \$1,000 insured, as compared with a cost of \$11.66 $\frac{2}{3}$ for each \$1,000 insured in our Mississippi friend's non-mutual company, seemed to us too good to be true, and we wrote Mr. Shuford to know if there was not some mistake in his figures. But he answered that there was none. The average of \$3.63 per year for each \$1,000 insured, as reported for North Carolina as a whole, however, seems much more a realizable ideal in an average county.

In any case the letters just given should leave no doubt as to how farmers may get lower insurance rates. If you live in a county where a mutual fire insurance company exists, join it. If you do not live in such a section, then go ahead and organize your county. Then, if your county alone does not furnish so large a company as you wish, federate it with one or more adjoining counties. If you have a county farmers' union or other county farmers' organization, bring up the subject at your next meeting; if you have none, then call a meeting of leading farmers at some convenient time just to consider forming a mutual insurance company. Every farmer ought to have insurance, and he ought to have it at a lower rate than the regular companies give.

As for the importance of insurance, it should be enough for you to think of the farm homes in your community one by one and imagine the trouble half of the owners would have in rebuilding if fire should destroy their homes.

We ought to have mutual accident insurance also, and live stock insurance. The writer only last week, as this is written, made a small contribution to a neighbor farmer whose two mules were recently struck by lightning and killed. Now it is a good thing for neighbors to help a man in a case like this, but it is uncertain and unbusinesslike, and the policy of asking for gifts is not one to be encouraged. In fact, thousands and thousands of farmers had rather go into debt and work their way out rather than

ask any man for a cent—and one cannot help but admire such independence. At the same time, a man ought not to have the risk of being thrown in want or debt by accident of any kind—fire, storm, lightning or live stock disease, sometimes meaning a struggle for years to get back to where the owner was before. Every farmer ought to carry insurance against all these risks and it ought to be mutual insurance.

After the local companies are organized, however, it is desirable to have them regularly inspected by the State insurance commissioner. We are reminded of this by the following letter from one State commissioner:

"I find that frequently among the people generally conducting mutual associations intended solely for the benefit of policyholders that there is an inclination to oppose and even to resent official supervision. But any man who loves his State and who will examine into the matter will find that no honest association need fear supervision and that it is only by supervision that irresponsible and dishonest concerns may be eliminated and honest and responsible concerns permitted to grow without being choked by noxious weeds.

"Due to the fact that a number of irresponsible and utterly selfish men for their own benefit undertook to run such companies in this State previous to the establishment of the insurance department, great injury was done to the cause."

It is certainly very foolish for co-operative companies of any kind to object to thorough official inspection. It will frequently happen that a perfectly honest man will use very lax bookkeeping and accounting methods, and the members have a right to know that he will be checked up if this happens.

One important reason for the great success of the co-operative stores movement in Wisconsin and Minnesota, as the writer found last year, is the regular system of auditing under the direction of the Right Relationship League, and regular expert auditing should be a feature of every co-operative enterprise.

CHAPTER XVIII

MAKING FARMERS INTO BUSINESS MEN: HOW CO-OPERATION HAS REMADE RURAL IRELAND

A Visit to Sir Horace Plunkett and What I Learned—Then a Visit to Kilkenny, Where I Found His Co-operation Ideas in Full Blast—The Ballyragget Co-operative Creamery and Poultry Society and the Story of Their Growth.

IN IRELAND the farmers—or a great proportion of them—have become business men. And the rest are fast being waked up. That is the net result of Sir Horace Plunkett's co-operative movement begun twenty-five years ago, and which he says, world-famous though it has become, is as yet only in infancy.

Sir Horace told me that it was in America that he got the inspiration for his great life work. It was when he was ranching out in Wyoming away back in the 80's. "I got into the American habit of looking at everything from a business point of view," he told me, "and when I came back to Ireland in '89 I simply resolved to study Ireland as a business proposition. To my mind the then most pressing question was neither home rule nor any other political issue, but how the people were going to make a living: a business proposition indeed, and an agricultural business proposition, since over two-thirds of Ireland's population was agricultural. And in solving this agricultural business proposition it seemed to me that we needed three things—Better Farming, Better Business, Better Living, but I saw that emphasis must be laid on the middle phrase, because only through better business could we get better farming or better living."

"The problem of remaking rural life in Ireland, America or anywhere else, in fact," Sir Horace continued, "is like-

wise threefold—(1) technical, (2) commercial, and (3) social; but the clearest and surest avenue of achievement is through the commercial feature. First, make the farmer a better business man and all these other things will be added unto him."

This is the new conception of agricultural progress that is beginning to take possession of men interested in rural progress the world over. To make two blades of grass grow where one grew before: this has been regarded as the end of agricultural progress from the day Dean Swift set down the opinion of the King of Brobdingnag until now. But at last a change has come. The business organization of urban industry—the systematic, scientific, commercial management of urban production—has been for generations now an accomplished fact and the human race has benefited incalculably thereby; and Ireland and Denmark are now teaching us that there are possibilities for a hardly less momentous business organization of rural industry—not only increased production, but the systematic, scientific, commercial management of this increased production.

No wonder, therefore, that Mr. Robert A. Anderson, secretary of the Irish Agricultural Organization Society, remarked to me as I was leaving his Dublin office: "Of one fact we are rather proud, and that is, it has been our good fortune in Ireland to set an example in agricultural co-operation for all English-speaking peoples."

This is, indeed, exactly what Ireland has done; and our American farmer, whose richer opportunities, better facilities, and more democratic atmosphere should have won for us a position of leadership, must go to Ireland to learn the lessons needed for all America. In Ireland, which has a population about twice that of one of our average States, there are now 312 creameries with an annual turnover of \$10,000,000; 166 agricultural societies; 237 co-operative banks, and 87 miscellaneous co-operative societies—poultry, beekeeping, bacon-curing, etc.

Suppose we had in each county in the United States two

co-operative creameries, one or two farmers' co-operative banks, and one or two co-operative societies for the sale of poultry and truck: such a development would correspond to what has been accomplished in Ireland.

Of course, all this has not been brought about in a day. The movement started away back in 1889 when Mr. Horace Plunkett began to tell the Irish farmers that what they needed was less politics and more business—or at any rate, a good deal more business along with their politics. For a long time his voice was as that of one crying in the wilderness. He held fifty meetings and pleaded with fifty different groups of farmers, asking each group to join in some co-operative business organization, before a single enthusiastic response varied the long monotony of deaf-eared failure. But Mr. Plunkett was an Irishman terribly in earnest; and anybody who is terribly in earnest is likely to go a long way—especially if he is an Irishman.

"Beware when the Lord Almighty lets loose a thinker on the planet," says Emerson, in words as nearly as I can recall them; and Mr. Plunkett was a thinker. He was also a patriot with a yearning for the uplift of his oppressed and poverty-stricken homeland. He had all the patriotism to which Erin's poets and orators have given such vivid and eloquent expression; but his patriotism was to take a form of constructive work rather than inflammatory eloquence.

The Irish farmer, at that time, was the joint prey of landlords and "gombeen-men," the latter phrase being used to describe a class of credit or "time" merchants whose exorbitant time prices kept the poor peasants in virtual slavery. What profit the landlord did not get in the shape of rent, the "gombeen-man" got when the money for the farmers' products came in. Or, to be exact, I should say that the credit merchant took the farmers' goods at prices named by himself, and credited them on the farmer's account, and about all the poor soil tiller knew was that he was getting deeper and deeper into debt all the time. It was our blood-sucking "credit system" of the South of a

generation ago in an even more abominable form; and the "gombeen-men," furnishing not only supplies, but liquor as well, often took further advantage of the peasant after getting him full of drink.

In a word, middlemen were absorbing all the profits of the Irish farmer. Nothing was done directly. There was a circuitous route from the farmer's produce to the city consumer, with tolls taken all along the way; and there was a circuitous route between the fertilizer maker or implement manufacturer and his farmer purchaser, with tolls taken all along the way, as Mr. Horace Plunkett kept saying with a sort of damnable iteration.

Another thing that Sir Horace saw (I now say Sir Horace because the King of England has since knighted Mr. Plunkett in recognition of his great services) was that if the farmers were to succeed, they must organize and co-operate. Only a considerable number of farmers working together could sell their products to advantage—a small farmer cannot profitably ship a dozen or two eggs or a pound or two of butter or a basket or two of vegetables, whereas, it is very different if a hundred farmers together wish to ship their combined product of eggs, poultry or truck—and they must work together along very businesslike and scientific lines. He saw that the farmers were suffering not only because the middlemen's tolls were excessive, but also because their failure to unite prevented them from giving consumers uniform, high-quality products. He declared they must furnish "one good kind of butter—not many samples of bad and good kinds; a uniformly fresh egg—not a dozen stale ones of different shapes and sizes, with occasional fresh ones rubbing shells with their dingy neighbors;" and that they must furnish regular supplies at regular intervals—not three long weeks of famine and then a week of surfeit.

"Better Farming, Better Business, Better Living"—this was the threefold program which Sir Horace advocated in his crusade through Ireland; more productive farming methods, better methods of buying and selling, and a richer

rural life. And he kept everlastingly at it, in season and out of season. After holding fifty meetings he got one society started in 1889, and 1890 ended without another one being added to this lonesome first-born. But in 1891 the number jumped to seventeen; next year there were twenty-five; next year, thirty; next year, thirty-three; and then the day of small things had ended. In 1895 the number of societies doubled; in 1896 the one hundred mark was passed; in 1898, the two hundred mark; in 1899, the four hundred mark—and now there are more than eight hundred. The Irish Agricultural Organization Society—popularly known as the “I. A. O. S.”—is the head of the movement, with Sir Horace as the head of the I. A. O. S., and Mr. Robert A. Anderson the secretary.

From these officers of the I. A. O. S. I received very full information about the various organizations; and with letters of introduction from them I went down into Kilkenny county to inspect the workings of some of these agricultural organizations at first hand. Kilkenny is a dairying county and in it are sixteen co-operative creameries; four farmers' co-operative banks; eight agricultural societies for the purchase of fertilizers, seeds, etc.; a co-operative poultry society and a farmers' county fair.

In the depot at Ballyragget, the first Irish village I visited, the most conspicuous objects were cases with the labels, “Guaranteed Pure Irish Creamery Butter,” and other cases for shipment bearing the legend, “Guaranteed New-Laid Irish Eggs,” with the added name and trade-mark of the “Irish Federated Poultry Societies, Limited.” I made several trips out into the country around Ballyragget to see for myself the workings of the various co-operative societies, and I probably cannot give a better idea of the general movement in Ireland than by describing in detail the work of these individual Kilkenny organizations as I saw them.

Perhaps the best work here, as in other parts of Ireland, is done by co-operative creameries. Muckalee creamery, near Ballyragget, was one of the first organized after Sir

Horace Plunkett began his work, and it has been such a success that I found the neighboring Castlecomer farmers planning to establish a creamery of their own if a sufficient number of cows can be secured for it. Milk is tested for butter fat, and farmers are paid by the pound—not by the gallon—and in proportion to the amount of butter fat in their milk. As a rule, the creamery butter pays the farmer six to eight cents a pound more than ordinary homemade butter, and the Irish housewife is also relieved of the work of churning and molding the product, besides getting back eight and one-half gallons of separated milk for every ten gallons supplied. A Ballyragget business man told me that the Muckalee creamery butter was bringing 120 shillings per hundredweight as compared with 96 shillings for ordinary farm butter; which statement being translated into plain United States language (with the further understanding that this Irish hundredweight means 112 pounds, and not 100 pounds as with us) means that the creamery butter was selling for about 27 cents a pound and the ordinary butter for about 21 cents. Moreover, all the profits of the creamery are divided pro rata among the farmers who supply the milk, so that the farmer has other sources of profit besides the gain from the improved quality of his product.

No less interesting than the Muckalee creamery is the North Kilkenny Poultry Society, with headquarters in Ballyragget. This society, a combination of 450 poultry raisers in and around the village, has had a rather significant history. In the beginning, so a Kilkenny farmer told me, it had one or two so-called "expert" managers from a distance who turned out to be "expert" mainly in eating up the profits, so that for the first three years the society ran at a loss.

Then something happened which often happens in these co-operative societies, and whenever farmers unite and meet together for any purpose, namely, hitherto unappreciated local talent was discovered and made use of. The mem-

bers picked up John Carey, a plain young farmer boy without any frills about him, but with plenty of everyday common sense and a good character, and put him at the head of the society. In three years' time he has wiped out the old loss, increased the membership by nearly two hundred and has carried the total poultry and egg trade from \$25,000 three years ago to more than \$40,000 a year. Farmers get 30 per cent more for their eggs than they did before they organized, not merely because they save the middleman's profits, but because they ship eggs while they are fresh and clean instead of waiting for them to get stale and dirty, because they ship them properly graded and crated, and because they know just where to ship in order to secure top-notch prices. Everywhere one finds that co-operation pays the farmer increased profits not only by transferring to his pockets the tolls of unnecessary middlemen, but also because of its everlasting insistence upon "quality" products.

But my saying that the farmer knows where to ship calls for a word of parenthetical explanation. The various agricultural organizations maintain in Dublin what is known as the "I. A. W. S."—the Irish Agricultural Wholesale Society—an organization which not only furnishes the society members with fertilizers and seeds at wholesale prices, but keeps in touch with all the leading English markets and directs organized societies where to ship their produce. My friend, Mr. Carey of the North Kilkenny Poultry Society, for example, gets news from the Dublin I. A. W. S., say each Saturday, as to what English market he should ship his goods to the following week, and the probable price. The price is then fixed at which the society will buy eggs during the week, and all guaranteed fresh eggs are bought at this figure at so much a pound.

The morning I was there, as every other week day, two carriages had gone out over a radius of six miles to collect eggs; and on Mondays they go out as far as ten miles. Eggs of the same size and color are shipped together and small eggs are shipped as "seconds." Dirty eggs are also shipped

separately, and care is taken in every way to maintain a reputation for giving the buyer exactly what is promised him.

Another work it is now proposed to take up is that of fattening young chickens before shipping them, instead of shipping them elsewhere to be fattened, as is the present practice.

In this society, as in the case of the Muckalee and all other such organizations in Ireland, the profits go to the patrons. There are annual meetings which all the members attend, and the regular business in the interim, is conducted by an elected committee of twenty-five members, a quorum of whom meet with the manager monthly for the examination of the books and for general oversight of the business. I was told that an average patron had about fifty hens, and the women, of course, look after them in most cases.

One other feature of this society deserves mention—that it could not have succeeded without the support it received from the Catholic priest and a wealthy landowner nearby. In fact, in nearly all the societies I visited I found that the Catholic “fathers”—nearly everybody in Kilkenny is a Catholic—were active leaders. I wish our preachers all over America showed as much interest in the general movements for rural development and uplift.

CHAPTER XIX

TWO IRISH RURAL CREDIT SOCIETIES, AND HOW THEY WORK

The Officials Were "Surprised Entirely" at Mr. Brett's Story—A Peep at the Books Showing Loans to Buy Cows, Pigs, Seeds, Fertilizers, etc., and Also How the Members Learn Business Ways—Castlecomer Society "Has Never Lost a Penny Piece in Bad Debts."

INEXT visited Mr. John Brett, secretary of the "Ballyragget Agricultural Bank," a typical farmers' credit society of the now world-famous Raiffeisen type. I found in Mr. Brett a sturdy, stubby, good-natured Irish farmer and ex-schoolmaster, whose thrift has brought him in his age into possession of one hundred acres of land—a pretty large farm in Ireland. Moreover, the Ballyragget innkeeper informed me that he also gets a pension as a retired school teacher, he having served full thirty years, I believe, in the schoolroom, and the British government, unlike ours, having acted on the theory that it is just as sound policy to pension teachers who make life more abundant as it is to pension soldiers who destroy life. As we walked through his fields, Mr. Brett told me of the workings of the agricultural bank, and then took me to his little farmhouse to show me the "books."

The story of its growth is interesting, and Mr. Brett confided to me that when he recounted it before a public committee in Dublin recently, they were "surprised entirely." I doubt not, too, that many of our American farmers will be "surprised entirely" to find out how much superior are the banking facilities these Irish farmers have worked out for themselves as compared with our own.

Here is the story in brief: In 1901 Mr. G. W. Russell, editor of the *Irish Homestead*, the organ of the Irish Agricultural Organization Society, went down to Ballyragget and told them how to proceed with their organization. There were about fifty members to start with; they fixed a six-shilling (\$1.44) entrance fee; elected the parish priest as president; named an executive committee and pledged their joint credit to get a loan of £100 (or \$486 American money) from the government. On this loan they paid interest at the rate of 3 per cent and lent money to the members at 5 per cent. Another point that must always be kept in mind is this: money is lent to members for productive purposes only. That is to say, no money is lent to a man merely to keep him going the even tenor of his way, but only to help him go forward—to help him buy stock, or make some improvement, or take advantage of some other safe and profit-promising farm investment.

The farmer does not put up collateral to secure a loan, but he must have two solvent sureties to sign with him. And here is the keynote of the whole system: From beginning to end it is based on the principle of co-operation, on the idea that the members must help one another, believe in one another, and join together in a movement for the common uplift. All are, indeed, neighbors, for membership is limited to persons living within three miles of the secretary's office. The members of the bank are jointly liable for the safety of the money it borrows or receives as deposits, and two persons must indorse with the borrower for every loan.

Perhaps, too, it may be as well to explain just here that while this institution is called a "bank," it is very different from the banks we are accustomed to seeing, it being, in fact, only a farmers' mutual credit society, with one of their number as "cashier," keeping the books in his own home. There is no expensive office to maintain or rent to pay, and about the only expense incurred is a nominal sum for book-keeping and the annual examination of the books by an

expert auditor from the city. The executive committee meets once a month to consider applications for loans and to see that all notes that have fallen due are paid. The members who have surplus funds may deposit them in the bank and receive $3\frac{1}{2}$ per cent interest.

It is not presumed that there will be much idle capital; the outstanding loans should about equal the capital and the deposits; but in case a surplus exists, it is invested in government bonds or deposited in the postal savings bank or other interest-paying financial institutions.

The first year of its operation the Ballyragget Co-operative Bank received no deposits. "The people would not trust us then," Mr. Brett told me; but now the bank gets more money than it can handle, although it has reduced the interest paid on deposits to 3 per cent. Instead of the £100 (\$486) capital with which the bank started, it now has capital and deposits aggregating thirteen times as much, and it has extended its influence from a three-mile radius to a five-mile radius.

The good this bank has accomplished in the community is almost incalculable. The farmer-members now borrow money from it at 5 per cent besides getting back the profits that the bank makes, and they can borrow for a period of twelve months in case the money is needed for so long a time. Before the coming of the bank, if a Ballyragget farmer wanted a loan, he had to go to Kilkenny, the county seat, pay 6 or 7 per cent for a loan, take two neighbors with him to sign the note as securities, and feed and treat these indorsers, and go through the same expensive proceeding to get the loan renewed at the end of three or four months—if he could. With such a system, of course, few farmers got the benefit of credit, as much needed in farming operations as in business operations, and when loans were obtained, the excessive cost frequently left the farmer worse off than before. Now all this is changed. If a farmer needs \$10 to \$100 for a really productive purpose, he simply gets two of his neighbors

to sign with him; gets the money from the farmers' mutual bank at 5 per cent; borrows, if necessary for a longer period than the city banks would have lent to him, and has no embarrassing red tape to go through with.

Or if an exact summary of the advantages of these small co-operative banks is wanted, let us say:

(1) The farmer gets small sums when needed, such as it would not pay him to go through the trouble of trying to borrow from a city bank;

(2) The higher interest rate and the expenses of sureties, investigations, etc., formerly made most bank loans cost him over 12 per cent, whereas this cost is cut in half under the co-operative system;

(3) The city banks will lend for only three or four months (our whole banking system being built to meet the city man's needs), while the agricultural bank recognizes the fact that in farming one must frequently borrow for twelve months or not at all;

(4) The simple operation of having two solvent friends or neighbors indorse one's note prevents the necessity of putting up collateral or making a mortgage, besides stimulating brotherliness and co-operation; and—

(5) Limiting loans to those made for productive purposes, prevents the bank from being imposed upon by shiftless farmers, and prevents any farmers from tying up or losing their estates by reckless and indiscriminate borrowing. The agricultural bank is for the purpose of getting the farmer out of debt, not of getting him into it.

To illustrate more clearly just what this particular bank is doing, let me mention some of the loans as I found them in Mr. Brett's books.

First, there was a loan of \$125 for twelve months to enable a certain farmer "to hold over stock for a better sale."

Then a loan of \$60 for twelve months to help someone buy a cow.

Twenty-five dollars for twelve months, "to purchase a grass take to graze a horse."

Sixty dollars to buy two calves.

Forty-five dollars to buy seeds and fertilizers.

Seventy dollars to buy calves.

Ten dollars to buy two pigs.

One hundred dollars to buy young stock.

Thirty-five dollars to buy a heifer.

Twelve dollars and forty cents (\$2.40 payable monthly) to buy small pigs.

Twenty dollars to enable a farmer to hold over cattle.

The minutes show that the official committee members who meet monthly and pass upon all applications, act very prudently and carefully, knowing that their credit is pledged, as well as that of other members, for the solvency of the society. Notice these typical entries:

"Thomas Lacy, £6 to buy a horse; granted."

"Michael Murphy, £7 to buy two calves; granted."

"William Phelan, £12 to buy a cow; refused, as one surety was objected to; granted on condition that two solvent sureties can be obtained."

Another meeting: "Mr. Michael Clancy's loan of £9 was overdue. He attended and offered £2 on account of interest. The £2 offered was not accepted. He was ordered to pay the full sum or proceedings would be taken at the quarter session for the recovery of the loan."

Again: "Michael Downey attended and obtained a further time for two months for payment of loan. Thomas Lacy, ditto, till he could sell his barley."

And so it goes. Men thus have the opportunity of borrowing who could not borrow from an ordinary bank, and the loans to the farmers have enabled them to make and keep many a shilling in the neighborhood. "We lend a man, say £15 to buy a young cow," said Mr. Brett, "and he pays 15 shillings [5 per cent] interest, and at the end of a year has a cow worth £18, and a calf besides—all for the sake of the 15 shillings."

The Ballyragget Agricultural Bank does business on such a narrow margin that its profits no year have exceeded \$25 or fallen below \$5. A few dollars a year to Mr. Brett for bookkeeping covers the entire official expense, and as his home is the office, there is no charge for rent. I notice, however, that Sir Horace Plunkett, in his latest president's address strongly advises that these co-operative banks should not attempt to lend money at too low a rate—especially in view of the fact that any profits will go as reserve fund in which the members are equally interested—and that 6 per cent rather than five should be the normal rate on loans.

No loans are made for over \$150. Originally the maximum was \$50, but this amount was soon raised to \$75. The first of this year ninety loans were outstanding aggregating over \$4,000.

I also paid a visit to the Castlecomer Credit Society, or Agricultural Bank, which I found in no less flourishing condition than the one at Ballyragget. All these banks operate on the same general principles, so the rules of the Castlecomer Society are practically the same as those I have given for its neighbor. It has existed for twelve years and "has never lost a penny piece in bad debts," as the secretary, Mr. Joseph Tobin, told me, though, of course, it has had to resort to proceedings once in a while. On January 1 its capital consisted of about \$3,800 borrowed at 4 per cent, and \$2,000 in members' deposits bearing $3\frac{1}{2}$ per cent interest, practically the entire \$5,800 total being loaned out to members at 5 per cent. Only two loans were then overdue and these have since been repaid. The entrance fee is one shilling, and there are 278 members. The maximum amount that can be lent any one person is \$100; and there is a fine of 15 per cent for allowing a loan to become overdue. The annual turnover grew from \$1,250 the first year to \$2,000 the second, \$3,000 the third, \$4,000 the fifth and \$6,000 the sixth, and is now \$10,000 a year.

In addition to all the usual society books and records,

such as I found at Ballyragget, Mr. Tobin showed me an alphabetical index which indicates at a glance whether or not a member has money borrowed or is surety for a neighbor-borrower, and enables the executive committee at its monthly meeting to determine instantly whether or not any member should be granted a further loan or accepted as a surety for another borrower. And the success of the Castlecomer Co-operative Bank in aiding the farmers of the community has been no less marked than in the case of Ballyragget.

"I know many members," said Mr. Tobin, "who pay back the money at the end of the year out of the profits made on the original loan and have the loan money itself left them clear."

It will be seen from the foregoing that the Ballyragget and Castlecomer credit societies are typical illustrations of the Raiffeisen farmers' bank of which the distinguishing features are (1) the unlimited liability of the members, (2) membership limited to a neighborhood where all know one another, and (3) loans are made only for productive purposes. The following extracts which I have copied from the "Rules of the Ballyragget Agricultural Bank," are interesting in this connection:

Character of Loans—"Loans to members shall only be made on condition that the purpose for which money is borrowed is such that there is a sufficient prospect of the loan repaying itself by the production, business, or economy which it will enable the borrower to effect."

Restricted Membership—"Any person of good character approved by the committee, and who resides within five miles from the office of the society, is qualified for admission to membership, provided that his liability is not already pledged by membership in a similar association."

Liability—"Every member of the society shall be, equally with every other member, jointly and severally liable for all debts incurred by the society, and for any loan which a member, or his sureties fail to pay; but each member of the society shall be liable only for the debts incurred and loans advanced during his membership."

"One Man, One Vote"—"No member shall be entitled to more than

one vote upon any matter submitted for consideration at any general meeting."

Directors Serve Free—"The committee of management shall be elected at the annual general meeting of the society. The members shall be eligible for re-election on the expiry of their term of office. . . . They shall not receive salary or other remuneration."

Monthly Meetings of the Loan Committee—"A statement of accounts shall be presented by the secretary or other officer appointed by the committee showing the loans outstanding, deposits on hand, and moneys received or paid since the last meeting. This statement shall be checked and signed by two members of the committee. The secretary shall then report as to the installments of loans due and unpaid, and the action to be taken in each case shall be determined. He shall then read the list of applications for loans which may not have been previously granted owing to funds not having been available, and a decision shall be arrived at as to which of these shall be granted if additional funds are reported as being available. Any fresh applications for loans will then be considered and the course to be taken with each determined."

A Council of Control—"In addition to the committee there may be a council of control, consisting of not more than five members, who shall not be members of the committee, but who shall be elected annually by the members at the general meeting. . . . The council shall meet at least once every three months to review the business transacted by the committee, and shall satisfy itself that all rules have been complied with."

Rules for Loans—" (a) Loans, when approved by the committee, shall be granted to members who are able to obtain two sureties approved by the committee, or who can give such security as the committee deem sufficient.

" (b) No member who is in possession of money lent to him by the society shall be accepted as surety for another member requiring a loan, unless the committee are unanimous that it is safe to do so.

" (c) Members who desire to obtain a loan shall fill up a form stating the object for which the loan is required, the term for which it is asked, whether it is desired to repay the loan by installments, the sureties who will sign with him any agreement or promissory note, or the other security which is offered. The application, if forwarded to the secretary not less than two days prior to a meeting of the committee, shall be considered at that meeting.

" (d) If the committee are satisfied with the trustworthiness of the applicant, the sufficiency of the security offered, the profitableness by productiveness or saving which the use of the loan may effect, and if they have sufficient funds under their control, they may sanction the loan.

“(e) No loan shall be granted for a period exceeding one year unless it be made repayable by regular installments of equal amount; nor shall any loan be granted to a member which shall make the total sum owing from him to the society at any time to exceed fifty pounds” (\$250).

No Profits to Be Given Members—“No profit, bonus or dividend of any kind shall be divided amongst the members. Any surplus accruing to the society, after payment of the cost of administration, shall be carried to a reserve fund. If any loss be incurred by the society, the annual general meeting may vote such sum as it may think desirable from the reserve fund in order to meet the deficiency. In no case shall the reserve fund be divided, and, in case of dissolution of the society, it shall be devoted to some useful purpose in the district in which the society operated, and determined upon by the meeting at which the dissolution of the society takes place.”

Annual Auditing Insured—“The committee of management shall, once at least in every year, submit the accounts, together with a general statement of the same, and all necessary vouchers up to the 31st December then last for audit, either to one of the public auditors appointed under the Friendly Societies' Act, or to two or more persons appointed as auditors by the members at the annual general meeting each year.”

CHAPTER XX

THE LARGE OUTLOOK OF THE IRISH AGRICULTURAL LEADERS

First a Word About a Typical Co-operative Agricultural Society—"The United Irish Women" and Their Purposes—Irish Leaders Recognize Twofold Problem of Agricultural Organization: (1) Scientific Production and (2) Scientific Marketing.

IN CASTLECOMER also is located the "Valley of the Deen Co-operative Agricultural Society," a society of farmers organized for the purpose of saving money on the purchase of "seeds and manure"—everybody abroad says "manures" when referring to commercial fertilizers. It started several years ago with 100 members. Now it has 280, and does an annual business of about \$2,500 in fertilizers and implements (mainly fertilizers, for the farms over here are too small to make profitable use of extensive farm machinery); \$1,250 in seeds, and \$1,600 in feedstuffs.

The society charges 5 per cent profit on purchases—the profits, after deducting a \$50 a year salary to the secretary, becoming the property of the members; and of the total subscription entrance fee of \$5, only 50 cents has been called for. Every member takes one \$1.20 share in the general "Irish Agricultural Wholesale Society" of Dublin, to which reference has already been made, and through which all orders are placed. The society owns two manure spreaders and two spraying machines for the joint use of all the members—an illustration of the idea of co-operative ownership of expensive farm machines which is becoming quite popular in Ireland. Sixteen thousand Irish farmers are mem-

bers of such agricultural societies as this, and the members not only save much money on their purchases, but they have become interested in fertilizer subjects and have come to insist upon purer seeds and upon fertilizer brands more suited to special crops and soils.

A few years ago, so I was told by Mr. Ward, the secretary of the Valley of the Deen Society, the farmers took any fertilizer that was put up in bags and smelled strong enough, but they have now grown far "keener," as the British phrase has it, and in consequence their fertilizer money is much more wisely spent.

I have now referred briefly to the work of the co-operative creamery near Ballyragget, and the poultry society there; the co-operative agricultural bank there, and its fellow at Castlecomer; and the agricultural society for the purchase of goods at Castlecomer. This list, however, does not exhaust the forms of co-operative endeavor in the county of Kilkenny and other parts of Ireland. For the first time the farmers' wives and daughters are being organized, and there is a branch of the "United Irish Women" at Ballyragget which has already done some notable work.

Through arrangements made with the I. A. O. S. and the department of agriculture, experts are sent to these women's societies to give instructions in domestic science, cooking, nursing, dressmaking, sanitation, poultry work, gardening and to help the women as members of the poultry and dairy societies, as well as in organizing country amusements, local fairs, flower shows, concerts, dances, rural libraries, etc. In some cases prizes are given for the best kept gardens and the most attractive homes. The annual membership fee in the "United Irish Women" is 60 cents, and one of the most striking features in it, as in the men's societies, is that Catholics and Protestants—even Catholic priests and Protestant ministers when called upon to aid any movement inaugurated by the women—forget their religious differences in a united effort for community betterment.

It will be seen from all this that the agricultural societies in Ireland are very businesslike. Each society works for a definite purpose, yet all are clubbed together through a common membership in the I. A. O. S., to whose support all local branches contribute.

When I asked Secretary Anderson how they managed to keep the farmers organized, he answered, "Simply by showing them that it pays." If farmers and farmers' wives get 30 per cent more for their eggs by working together through poultry societies; and six cents a pound more for their butter by forming co-operative creameries; and are able frequently to double a year's profits by being able to borrow needed sums from co-operative banks; or save \$2 or \$3 a ton on fertilizers by ordering in a body—when such practical benefits as these are in evidence, one is not likely to hear much of the old, old story, "Farmers won't stick together." In Ireland they do stick and they do succeed. Because of this fact, they feel a new dignity for themselves, and the state and the nation feel a new respect for them. As Sir Horace says: "I do not know how it is in America, but at home I have observed that, when legislation affecting any particular interest is under discussion in Parliament or elsewhere, those who speak on behalf of that interest are listened to with an attention strictly proportionate to the organization of those they speak for—not political organization, but business organization."

There is just one other big fact to which I would call attention before leaving our discussion of Irish co-operation, and that is the broad outlook of the leaders of Irish agricultural co-operation. They are not one-idea men. They see what so many over-zealous converts to co-operation in America seem to forget, namely, that the wide-awake business man looks after two things—economy of production and economy of distribution, and that the wise farmer must also look after both. He cannot afford to neglect either. As Sir Horace Plunkett says: "An efficient department [of agriculture] can help the farmer to grow more crops

and breed better cattle and do these things at less expenditure than when his output was smaller in amount and inferior in quality. But he will not get a full reward of his intelligence and enterprise, unless he learns to control the distribution of his produce and obtains working capital on suitable terms. This he cannot do until he adopts the co-operative method. On the other hand, what is the use of organizing the farmers, if they are not making good use of their land?"

The two things must indeed go hand in hand, and those leaders are not wise who try to encourage one policy at the expense of the other, or try to make it appear that one policy is at enmity with the other. The farmer does need to learn how to produce his beef more economically. He also needs to know how to market this beef more economically after he makes it, and thereby save to himself the millions the beef trust takes in unnecessary tolls between the farmer's barnyard and the city butcher shop. The farmer does need to know how to make his cotton with the smallest possible outlay of sweat and purse. He also needs to know how to save to his own pocketbook the millions and millions of appreciation in value between the time the cotton leaves his hands in November and the time the normal price level is reached in May.

The present prosperity of the Irish farmer seems to me to be largely due to the fact that nearly all his leaders have recognized the twofold character of his problem. Sir Horace Plunkett and other leaders, in organizing the farmers, have strenuously insisted at the same time upon better methods of farming, while the department of agriculture, always insistent upon more progressive farm practice, has also searched the world over for examples of agricultural co-operation and has been as careful to give lessons in marketing farm crops as in producing farm crops—a thing to which our United States Department of Agriculture has never, until very recently, given any attention whatever.

At the beginning of his movement for organizing the

farmers, Sir Horace Plunkett saw clearly that there would be no hope for the Irish farmer's financial salvation unless he quit the ways of his grandfathers and learned to produce as economically as the farmer on the Continent; and he was so intent upon getting better methods of farming that he braved local prejudice and brought in agricultural experts from foreign countries—for the very good and sufficient reason that at that time he could get better men abroad than he could find at home. And ever since he has preached better methods of production as well as better methods of distribution. Thus in his latest annual report we find him saying:

"The Irish dairy farmer, by the simple process of weighing each cow's milk daily and periodically testing the milk for butter fat, can eliminate all his unprofitable milkers, and by judicious breeding fill their places with cows which would leave a handsome margin of profit. In one reported case, a farmer gave figures to show that one cow in his herd had given him a return of £12 (\$60) for her milk, while another cow had produced but £5 (\$25). A 25 per cent increase in the milking capacity of our cows would mean an increased turnover of close upon £500,000 (\$2,500,000) a year."

And again with regard to poultry:

"It is no exaggeration to say that the present output of eggs might be almost doubled without increasing the material cost of their keep or the number of fowls which are kept. It is not uncommon to find hens producing 150 eggs per annum, while it is pretty safe to say that the general average of Irish laying fowls would be little more than half this figure. The 150-egg hen does not cost any more to keep than the 75-egg producer."

Moreover, the Irish Department of Agricultural and Technical Instruction, in addition to all its usual departmental labors, has taught better methods of handling, packing and shipping all kinds of farm products—a work which should be more generally prosecuted by our departments of agriculture in America. In our Southern Appalachians, for example, we have a great apple-growing country, but

the farmers will never half realize upon their opportunities until they learn better methods of packing and shipping. Nor shall we ever receive one-tenth of our possible dairying profits until we learn better methods of handling our milk and butter. I have before me now some typical bulletins issued by the Irish Department of Agriculture: "The Packing of Butter," "The Marketing of Fruit," "Better Milk" (issued for the purpose of insisting upon that scrupulous cleanliness which is absolutely essential wherever any profitable milk market is to be maintained), etc. The department has also issued leaflets on agricultural co-operation in Denmark, Germany, Switzerland and Belgium.

From all this it will be seen that the progress the Irish farmer has been making has been symmetrical, comprehensive and well rounded.

The good work began with their getting control of the land, as the English government has now helped them to do with almost amazing success. Of the total farming area of 18,739,644 acres, the tenants purchased 2,500,000 acres under land purchase acts from 1870 to 1896, while under the vastly more liberal acts of 1903-1909 they have purchased outright nearly 4,000,000 acres and have proceedings pending for the purchase of nearly 5,000,000 more, the total area purchased outright, or for which purchase proceedings are pending, aggregating 11,421,448 acres, as against only 7,318,196 remaining undisturbed in the hands of old-time landowners.

In spite of this vast increase in land ownership as a beginning, however, the Irish farmer today might be a discouraged debtor instead of the buoyant and hopeful and forward-looking man that he is, if his leaders had not realized that the land would not long remain in his possession unless he developed qualities of initiative, enterprise and self-help.

It has also been noted all over Ireland that getting together for business purposes has also led the farmers to join hands in many movements for "mutual, intellectual

and social improvements," and that the stimulus of organization often leads a dormant, backward and unprogressive community to show a progressiveness and enterprise in its organized capacity which is nothing less than amazing.

"Better farming, better business, better living"—Sir Horace Plunkett and his associates have gone far toward the realization of their threefold program. They brought into existence the department of agricultural and technical instruction which has taken over their main work in helping the farmer to do better farming; they have established the various co-operative societies which have made the farmer a business man—a wise manager of values as well as a wise producer of them; and their latest organization of United Irish Women is to hasten that era of better living—more beautiful homes, better schools, a richer social life and the production of an environment in which human beings may be happier and more helpful—which is the proper goal of all our striving.

CHAPTER XXI

AGRICULTURAL CO-OPERATION IN ENGLAND

Why It Has Never Flourished There—The Evils of Landlordism and Some Remedies—Breaking Up Big Estates in England—Australia's Plan for Graduated Taxation and for Imposing Heavier Rates on Absentee Landlords—Co-operation Among English City Workers.

THERE is a very old story about an author who was writing a book on the wild animals of the Emerald Isle, with a separate chapter for each species. When he came to write the chapter on "Snakes in Ireland," it consisted of a single sentence: "There are none."

Now, my chapter on "Agricultural Co-operation in England" will not be so brief as that. In the first place, agricultural co-operation has attained some small degree of success here and there in England, so I cannot dismiss it as non-existent. Moreover, there is a very interesting lesson for the rest of the world in the failure of co-operation to develop among English farmers. That lesson is that proper rural development is impossible where landlordism prevails, no matter what the system of renting may be. The Latin writer Pliny observed 1,900 years ago that large estates had been the ruin of Italy and were then ruining the provinces, and nineteen centuries since Pliny have only added constantly increasing strength to his doctrine.

In one day's journey in rural England I heard of three estates, one of 10,000 acres, one of 11,000 acres and one of 6,000 acres. I have before me now the daily paper's announcement of the approaching wedding of the Marquis of

Anglesey, age twenty-eight, "who is the owner of about 30,000 acres of land." It is said that 70 people own one-half of Scotland and 710 people one-fourth of England and Wales. "According to the returns of 1872, 2,250 persons owned half the inclosed land of England and Wales, while nine-tenths of Scotland was owned by 1,700 people and two-thirds of Ireland by 1,942 people." And the situation seems not to have changed materially since that time except in Ireland. In Great Britain in 1910 "28,238,445 acres under crops and grass were occupied by tenants and 3,907,485 acres by owners"—over seven-eighths by tenants and less than one-eighth by owners.

Such a condition is naturally ruinous to every form of genuine agricultural progress. "This," says Mr. A. G. Gardner, "explains why England had no share in the revolution which marked the last twenty-five years in the nineteenth century. That revolution has touched every country in Europe except Britain. It has spread from Denmark to Liberia, from France to Serbia. . . . It marked the breakdown of one system—the system of the individual unscientific and unorganized agriculture—and the emergence of another, the system of collective effort, based on the application of science and modern invention to the industry of agriculture. The small holder, independent, secure, must precede the co-operative system through which alone agriculture can be restored."

Mr. Gardner's contentions are sound. Thrifty, progressive, scientific agriculture of the highest type is possible only where the farmers own the land they till. In Denmark, where co-operation has gone farthest, 88 per cent of the land is cultivated by owners; and Ireland did nothing with agricultural co-operation until the farmers began to own the land they farmed.

Rider Haggard, who visited Denmark to study the situation without bias, went back to England convinced that the only way to get the same benefits for England, was to help the English tenants buy small farms of their own. Co-

operation, he declared, "will only take real root in an agricultural community which owns, and does not hire the land it works, and even then will only attain to complete success and prosperity if the people of that community are very hardworking, educated in the true sense, kindly, tolerant-natured and intelligent."

Unless all signs fail, England's next great political battle will be over this question of land reform. There is already the Small Holdings Act, which provides that the county council—something like our board of county commissioners at home—may purchase land in lots of fifty acres or less and sell to tenants on these terms: one-fifth cash and the rest of the payment to be made in half-yearly installments running through a period not over fifty years. At the same time the county councils have been authorized to purchase land and rent to tenants at reasonable terms, and an officer of the board of agriculture told me that 97 or 98 per cent of the applicants for land prefer to rent from the State authorities rather than to buy. The farmer who rents from the State is almost as much his own master as if he were landlord; he knows that if he treats the land well he can rent it as long as he likes; that when he leaves, if he should do so at all, he will get credit for any permanent improvements he has made; while, most important of all, he keeps and uses as working capital the money he would otherwise have had to pay for land, being thereby enabled to get better work stock, tools, machinery, etc., and increase his efficiency all round.

In view of these facts it now seems likely that the Liberal party at the next election will advocate a great extension of the plan of government purchase and renting of land. The county councils already have authority to acquire lands compulsorily; that is to say, they may practically condemn a big estate, paying the owner its cash value, and cut it up into small holdings. It happens, however, that in most cases the members of these county councils have been under the influence of the landlords, for which reason but little

has been done toward compulsory purchases. In order to make the plan really effective, therefore, the Liberals now propose to transfer this power to some central government authority, removed from local influences. They will then doubtless proceed actively with the work of breaking up the big 1,000 to 20,000-acre estates whose existence prevents the development of a sturdy agricultural population because it prevents the development of an agricultural democracy.

Land courts will doubtless be established for the settlement of difficulties between landowners and tenants—these land courts, as in Ireland, to determine what is a fair rent; to settle whether or not the landlord has allowed the tenant enough for any permanent improvements he has made, and fix the tenant's compensation for any unwarranted disturbance in case he is dispossessed on short notice, etc.

The revised system of land taxation, with a view to putting heavier burdens on the holders of big estates, will also doubtless be a part of the Liberal program. Mr. Robert Donald, editor of the *Daily Chronicle*, told me while I was in London of the Australian plan. There the tax rate is doubled on estates exceeding \$75,000 in value, trebled on estates exceeding \$150,000, quadrupled on estates exceeding \$225,000 in value, increased fivefold on estates worth \$300,000. These increases apply where the land is held by residents. In the case of absentee owners, the tax is heavier still. In nine months after this Australian law became effective \$90,000,000 worth of big tracts were subdivided.

Two other things the English realize: That there must be co-operative agricultural banks, probably State aided, for those new owners of the land, and that co-operative enterprises must be encouraged. "Ireland has taught us all a lesson," as Mr. Donald said to me.

In America, of course, there is not yet need for using the extreme methods England proposes to adopt, but we shall do well to learn in time what England's experience teaches. Pity the state whose farm values are advancing, but whose farm people are not advancing! Pity the state, indeed,

"where wealth accumulates and men decay," because farming has become a place for breeding profits and not a place for developing manhood! The rural population is the strength of a commonwealth only because they are less commercialized, because they lay relatively more emphasis on manhood and life and less on money and things, are more independent, more home-loving, than the city population. When big plantations and a numerous tenantry become the rule, commercialism sets in, as in the city, independence and individuality are destroyed as in the city, and the decay of the home follows the decay of home ownership, as in the city.

Eventually, no doubt, our more progressive states will frame some plan for lending money to men of intelligence and character who wish to acquire small farms; the state to be repaid in small annual installments—say 8 per cent a year—running through long periods of time, as was done in Ireland. Meanwhile very big holdings should be discouraged. I believe the Legislature of Mississippi some time ago passed a law providing that industrial corporations should not own agricultural lands in that state. Other states would also do well to be watchful on this point.

And the Australian plan for increasing the tax rate on absentee landlords also has many features of merit.

Without abating what I have just been saying about the backward state of agricultural co-operation in England, however (and I mean backward as compared with Ireland or Denmark rather than still-more-backward America), it ought to be added that among England's urban population co-operation has flourished like the Psalmist's green bay tree. If our own embattled farmers on Lexington battlefield may be said to have "fired the shot heard round the world," about the same thing may be said for the little handful of poor weaver-folk in Rochdale two generations ago (1844), who put together their hard-earned savings aggregating \$140, and organized the first of the now world-famous Rochdale co-operative stores.

Today the co-operative membership in Great Britain comprises 2,700,000 souls, and in England alone the business done reaches the staggering total of \$600,000,000 a year, while Scotland reports results little less astonishing.

The distinguishing principle in the government of these stores, of course, is that only the legal interest rate is allowed to capital—"its hire," as the Rochdale co-operators put it—and all other profits (about \$50,000,000 a year in England), go back to the customers as "patronage dividends" in proportion to the amount of their purchases. The almost revolutionary views of these pioneers as to the portion of business profits that should go to capital has been set forth by Mr. Holyoake in his history of the Rochdale movement, as follows :

"The ceaseless conflicts between capital and labor arise from capital not being content with the payment of its hire. When it has received its interest according to its risk, and according to agreement, there should be an end of its claims. Labor then would regard capital as an agent which it must pay, but when it has earned the wages of capital and paid them, labor ought to be done with capital. Capital can do nothing, can earn nothing of itself; but employed by labor, the brains and the industry of workmen can make it productive. Capital has no brains and makes no exertions. When capital has its interest its claims end. It is capital taking the profits earned by labor that produces the conflict. In co-operation labor does not consider profit made until capital is required for its aid."

Not only are 2,700,000 Britishers now buying their groceries, drygoods, etc., etc., through these co-operative stores, but these co-operative stores themselves decided long ago that they ought to carry co-operation a little further. So in 1863 they organized their own "Co-operative Wholesale Society," or "C. W. S.," as it is called, with \$10,000 capital. Its first year's business was \$20,000; now the total net sales (to local co-operative societies exclusively) exceed \$150,000,000 a year. Profits, of course, are paid back on the basis of patronage. As a recent magazine writer says:

"Today the English Co-operative Wholesale Society's gigantic factories, including the biggest boot and shoe factory in Great Britain,

with a capital of \$37,000,000 and 21,000 employes on their payroll, fully indicate the progress made in England alone. The big industrial center at Shieldhall, owned and controlled by the Scottish Co-operative Wholesale, employing another 8,000 workers, proves that Scotland was not far behind England in adopting the new system.

"In 1911, seventeen wholesale societies reporting did a business of nearly a quarter of a billion dollars. This was an increase over the previous year of \$18,500,000. No society showed a decrease, but some almost doubled."

I wish I could give an entire chapter to the story of this Rochdale co-operative movement, which, indeed, reads like a romance, but one more significant and illuminating fact must suffice: "The man under whom the Co-operative Wholesale Society gained its solid foundations and much of its growth was J. T. W. Mitchell, who was chairman from 1874 to his death in 1895. He managed this enormous business with utter devotion for twenty-one years, and when he died his own estate was officially appraised at \$1,750. This is typical of the spirit that has made the co-operative movement so astonishingly successful. Co-operation has had the use of some of the best business brains at absurdly small remuneration because it is a moral as well as an economic movement. It arouses the enthusiasm of big men because its purpose is to make the brotherhood of man a practical reality."

CHAPTER XXII

WHAT CO-OPERATION HAS DONE FOR FRENCH FARMERS

It Has Reduced Cost of Fertilizers, Has Enabled Poorer Farmers to Combine and Use Better Machinery, Has Provided Almost Universal Insurance at Minimum Cost, and Is Revolutionizing Marketing Methods

THERE is hardly a prettier farming country in the world than France. It is a positive joy to travel through its thickly settled farm communities in midsummer when the rich gold of the grain harvest mingles with the dark green of the growing crops and the neat cottages are girt about with tall and graceful Lombardy poplars. A much larger proportion of the farmers than in England—47½ per cent, according to the latest figures I have—own their own farms, and about them all there is a general air of comfort, neatness and even prosperity.

But this has not always been the case. In fact, a little over a quarter of a century ago the French farmers found themselves face to face with conditions of the gloomiest sort. They had been farming the way their fathers had farmed and their grandfathers before them, every man for himself; and, like farmers in many other countries, they might never have done any better if disaster had not forced them, like young eagles thrown from their nests, into worthier activities. It is the old story repeated in the history of every nation and every individual, of good coming out of evil. When I was in the Hawaiian Islands, in 1910, I learned that the sugar farmers, depending upon the abnormal profits the American tariff afforded them, had never put

their business on a really economical and scientific basis until a change in the tariff, in the Cleveland era, threw them on their own resources and made men of them—business men. Our own Southern country might have gone on indefinitely neglecting its possibilities for stock raising and diversified farming if the boll weevil had not come to make the one-crop system too rotten a stick to support us longer. Again, the Irish farmers, to whom co-operation has brought such prosperity, might never have won their goodlier fortune if they had not first become alarmed by seeing their markets slipping away from them to the thoroughly organized Danish farmers.

So, too, it was only the prospect of a ruinous foreign competition that brought the French farmers to their senses and forced them into the co-operative movements through which they have at last wrought out their own financial salvation. Says Mr. E. A. Stopford:

“About the year 1884, after a long period of prosperity, the farmers of France found themselves in difficulties from which they could see no escape. The development of the means of transport removed all barriers, and foreign produce touched prices which rendered home competition impossible. Wheat from North America, India and Russia; wool from Australia and the River Platte; wines from Spain and Italy; even cattle from Italy, Germany and the Argentine, took possession of the markets, and universal ruin of home producers seemed inevitable.”

It was out of this travail that agricultural co-operation in France was born. Now the organizations embrace about 1,000,000 members, and they have won the favor and good will of all classes of French manhood. In France, as in Ireland, co-operation has made business men of farmers in the two essential matters of (1) economical production, and (2) economical marketing. Organization has also brought the farmers into new political prestige, so that in the French Chamber of Deputies (which corresponds to our American Congress), a majority of the members representing all political parties are pledged to support measures for the protection of agriculture.

Nevertheless it is in the field of practical agricultural activities rather than in the sphere of legislation that the agricultural co-operation movement in France has won its notable triumphs, it being claimed that it has, among other things—

- (1) Doubled the agricultural production of the country;
- (2) Has greatly reduced the cost of marketing;
- (3) Has worked out a fine system of agricultural credit, reducing the cost of money to farmers by probably 50 per cent;
- (4) Has reduced the cost of phosphates 40 or 50 per cent;
- (5) Has reduced the cost of insurance 30 to 40 per cent;
- (6) And in the beet sugar industry it has developed a system of business management so efficient as even to prevent that glutting of the market which southern cotton growers have found so disastrous.

The very first thing that engaged the attention of French farmers was one in which our southern farmers are vitally interested—commercial fertilizers or “chemical manures,” as they are called in Europe. Before the organization of syndicates or farmers’ unions, fertilizers were sold by local merchants, the farmer who bought knowing nothing, and the merchant neither knowing nor caring anything, about the ingredients of the fertilizer or its adaptability to the crop or soil it was to be used on. The farmers’ unions changed all this. Twice a year they collected the orders from all their members, as far as they could get them, and then made terms with the fertilizer manufacturers or distributors, effecting enormous savings as compared with prices farmers had paid aforetime. The manufacturers would render their bills to the individual farmers and these bills would be examined and approved by the local union. Then it was presented for payment by the fertilizer manufacturer or his agent. Says Mr. Stopford:

“These bills were never unpaid; a defaulter would be struck off the membership. Thus was a notable lesson learned; the farmers were taught commercial exactness and the religion of the due date, and were being trained for the organization of agricultural credit.”

That, by the way, is a very fine phrase Mr. Stopford uses here: "The religion of the due date." It is this religion that must be at the bottom of all successful co-operation as it is at the bottom of all sound business everywhere: the religion of promptness and exactness. The farmer, since he has to contend with so many things in nature that are not prompt and regular—the rains, the sunshine, the frost—does not so easily form habits of promptness as the city business man; and it is all the more important, therefore, for him to school himself deliberately in the virtue of promptness, "the religion of the due date." Because they did have this quality of promptness and carried out their contracts with businesslike exactitude, the French farmers were able very early in their work to reduce phosphate prices 40 to 50 per cent, and they have effected less notable reductions in the price of other fertilizer ingredients. A very large proportion of the syndicates buy the ingredients and mix the fertilizers for their members, in many cases giving the farmer specific advice as to what sort of mixture he should obtain to fit the special character of his soil and the especial requirements of the crop he proposes to plant.

The farmers' unions in France have also done a most helpful work in getting their members to use labor-saving, and therefore money-saving, farm machinery. It is said that the farmers were very slow to use the improved tools, but the unions adopted all sorts of schemes to toll or entice them into better ways. Sometimes unions would help a member pay the cost of a new machine in order to get it introduced in the neighborhood. Sometimes prizes were given to the persons showing the greatest skill in the use of machines:

"Such machines as were expensive and only occasionally required were bought by the syndicate for general use, and one made to work for many members. For instance, plows, mowers, reapers, harrows, weighing machines, straw and root cutters, winnowers, and even flour mills. These were let out at a small charge. Those who used them were responsible for their safety or repair in case of accident. Some

were stationary at the depots or with selected farmers; some went from place to place. These plans, involving to the farmer no initiative, no forethought, and little expense, were widely successful and rendered invaluable service. The very best machines were bought, some even costing \$2,000 each. The money was raised by a general pro rata subscription among their members, according to their acreage.

"As the utility of the implements was made known, skill in working them increased, and the permanent and general use of them spread everywhere. Some syndicates even lent the machine without charge, but this is only advisable for the temporary purpose of making them known. Such gratuitous services have more the nature of benevolence than of co-operation; they do not inculcate self-help. Those who paid nothing detained the machines too long and delayed the rotation, causing inconvenience to the members. A moderate charge insures rapid use and punctual passing on."

In the same way the farmers joined together in buying their commercial fertilizers and their feedstuffs. Just as they made it a point to educate their members about the ingredients of commercial fertilizers and the kinds that paid best on certain crops and certain soils, so they set about educating them as to the ingredients of different feeds and feedstuffs and the kind needed for each class of animals and each class of farm work. Blooded horses and cattle were bought and sold to the members, and other steps taken to improve the breeds of stock.

Another thing that has been attempted in France with great success, and which it would be well for our own farmers' unions and other agricultural organizations to push more vigorously, is mutual insurance. The French farmers have not only worked out more advantageous schemes for fire insurance and live stock insurance, but also accident insurance, old age insurance and insurance against hail, etc., etc. It is said that the fire insurance fees have been reduced 30 or 40 per cent as a result of the unions' activities, while equally as important as the reduction in the rates is the fact that thousands of farmers have secured the benefits of fire insurance who never would have insured at all if the union had not interested itself in the matter.

When I was in Ireland, I found that Sir Horace Plunkett and his associates there were working out a system of live stock insurance for Irish farmers, and undoubtedly they get their greatest inspiration in the success of this movement in France. In some cases the French farmers merely pool their interests, limiting the amount to be paid on any animal to 70 per cent of its value, and limiting the maximum amount of any assessment levy to 1 per cent of the amount of insurance carried. For example, if a farmer has an animal worth \$100, he cannot insure it for more than \$70, or pay more than 70 cents on any one levy; or if a farmer has stock insured for \$500, he cannot be assessed in any one levy more than \$5.

Of course, a man's own neighbors are the committee who investigate each loss, and there is, therefore, very little chance for fraud.

Human accident insurance is a later growth. In England now it is a law that a farmer is responsible for any accident a workman may suffer in handling farm machinery, and I take it that the same thing is true in France. Of course, if a poor fellow earning 75 cents a day and having no means of supporting his family becomes crippled for life by some piece of machinery, it is not right that he should go all the rest of his days as a pauper. On the other hand, it is hard for the farmer to pay out a thousand dollars to take care of some hired man whose services seem to have been worth no more than the wages he received. It is the law, almost everywhere now, however, that a manufacturer is responsible for accidents to his employees, and the same thing must become the rule with regard to farmers—wherever it is not already the law. In this situation the only thing for the farmers everywhere to do is what they have already done in France—secure collective accident insurance, not only for their workmen but for themselves as well. So far as I could gather, it seems that about five cents an acre is the accident rate charged members of the farmers' union in France. For example, if a man cultivates thirty acres, his premium would

be \$1.50 a year, the insurance covering not only his hired men but himself, and all members of his family.

These agricultural syndicates also have done much to encourage agricultural teaching in the public schools; they have systematically demanded that all members settle difficulties by means of arbitration instead of resorting to law suits; they have secured reductions in railway rates in many cases, and in many other cases have combined to take advantage of special bulk rates not available to them as individuals; and they have encouraged picnics, fetes and social gatherings and other means of enriching the social and home life of the country.

After all, however, it is probable that agricultural co-operation in France is famed for no more notable achievement than the revolution it has effected in economical marketing of farm products—although its rural credits reform is very notable. French farmers not only have the low parcels post rate which is such an advantage to English and Irish farmers, but they have forced the French government to raise the parcel post maximum rate to twenty-four pounds instead of twelve. And not only have the farmers been taught promptness and systematic business methods generally, but they have found out the value of other methods which we have not yet been progressive enough to adopt—as for example, the plan of having all the farmers in one community grow one breed of cattle or one breed of hogs and so make a reputation for the neighborhood as the place to find the best Jerseys or the best Angus or the best Berkshires or the best Durocs.

Frequently, one local Union reports its needs to the other unions in the district, and in this way exchanges are effected at a great saving to both buyer and seller. Especially notable, moreover, are the results achieved by the society in reducing rates paid commission merchants; and one instance reported by Mr. Stopford is so important that I am quoting the reference to it herewith:

"On the markets of Paris and the large cities considerable success has attended sales of vegetables, fruits, potatoes, onions, cut flowers, etc., produce generally being collected in bulk and sold in the lots of each member; or it was collected, divided into classes according to quality by a committee of sale appointed in the general assembly. Each day a different member did this work, so ordered that it was impossible to tell beforehand who was to attend on any day; this official was paid for his work, he had the responsibility, and if claims were made the syndicate covered the vendor—an arrangement which made this method very satisfactory. Costs are deducted and the surplus divided once a week in proportion to the quantity and quality each member sent, and the market prices are duly published. Prices to the producers were found to be raised 30 per cent by this means."

CHAPTER XXIII

CO-OPERATION GIVES DANISH FARMERS THREE PROFITS INSTEAD OF ONE

This Is Why Hans Hansen Makes a Good Living on Thirteen Acres, and Why Denmark Is Indeed "A Little Land Full of Happy People"—Importance of Home Ownership—How the Danish Government Helps Farmers Buy Land—One-Horse Farmers Combine and Do Two-Horse Plowing

THE first test of co-operation is its effect upon the people who co-operate, and judged by this test Danish co-operation scores brilliantly. Denmark is about the most cheerful-looking country I have ever seen. "A little land full of happy people," I heard one Dane proudly call it; and he was right.

Knowing that it is a country of such exceedingly small farms, I should not have been surprised to find that the people were hard put to it to live, but on the contrary, an air of universal thrift and prosperity seems to cover the whole kingdom like the sunshine. The neat little farm houses are nearly all painted or whitewashed, even the out-buildings; the people are clean, industrious, healthy, alert; I saw hardly anybody ragged and but few expensively dressed; and I didn't find in all the kingdom a single farm animal showing its ribs. Although there are numerous exceptions, I shall always think of Denmark as a place where the people hold their heads up, the cattle are sleek and glossy, the horses, even in the fields, step briskly as if swift movement were a joy, and where every pig curls its tail in well-fed satisfaction. The per capita wealth is greater than in any other European country except England, I understand, with this important difference: that whereas in England there is a class of enormously rich,

and a multitude of miserably poor, Denmark is almost equally free from millionaires and paupers. "Many of our poorhouses are absolutely empty," one Dane said to me. In short, Denmark seems to approach more nearly than any other country I have ever seen to my ideal of a nation—a place where nobody is rich enough to be idle, and nobody poor enough to beg. This, perhaps, is too rosy a picture, but I am only recording the impression this delightful country made upon me individually.

All in all, Denmark offers us a convincing illustration of the truth of what Froude, the historian, wrote—that "national health is in exact ratio to the proportion of people having direct interest in the soil." In other words, the prosperity of the State depends upon the prosperity of its agriculture. And while history teaches nothing more plainly than this, it also teaches just as emphatically this further truth, namely, that the prosperity of agriculture depends upon three things:

- (1) Land ownership.
- (2) Education.
- (3) Co-operation.

Those who would win for American agriculture the strength, independence and prosperity which has been won for Danish agriculture, should give heed to this trinity of essentials. Co-operation is the capstone of the structure; but the capstone is safe only when the foundation itself is secure. The builders of the new Denmark were not unmindful of the Scriptural warning against building a house upon the sand; and it is because they first helped the farmers get possession of the land, it is because co-operation with them is founded upon the solid rock of ownership and education, that it still stands four square to all the winds that blow.

In Denmark nine acres out of every ten are cultivated by the men who own them, and illiteracy is a thing unknown. Says Minister Egan: "There is nobody in Denmark over seven years old, unless he is an idiot, who cannot read and

write"; and when I asked Mr. K. A. Jorgensen of the Lyngby Experiment Station if he knew anybody who could not read, his reply was that he could not think of anyone then, but that when he was a boy he had known some illiterate old men and women. About the first thing I ever heard about Danish co-operation was that it could never have succeeded but for universal compulsory education and the people's high schools; and this is an opinion about which I found everybody in agreement in Denmark. It is fitting, indeed, that our now largest American farmers' organization is styled "The Farmers' Educational and Co-operative Union"—"educational" first and "co-operative" second—for education must precede co-operation. The other statement about which nearly everybody in Denmark is agreed is that co-operation has succeeded so abundantly only because the great body of the farmers own the land they till.

One of the first Danish small farmers I visited was Hans Hansen of Ditlevshoj near Ringsted. Hans lived in America awhile—out in Minnesota, I believe, where the thrifty Danish population has given the Northwest some of its best citizenship—and he talks English fluently. After showing me over part of his farm, we went inside his neat cottage home—made more homelike to me by the sight of an American newspaper on his center table—and he smoked his funny-looking, short Dutch pipe while we talked. While out in our American Northwest, he told me, he had a "quarter section," that is to say, a 160-acre farm, but he came back to Denmark about five years ago and took up the thirteen-acre Danish "small holding" he is now on.

"And do you think thirteen acres enough?" I asked.

"Yah," he promptly replied. "I get along about as well with thirteen acres now as I did with a hundred and sixty then. The truth is, I'm thinking I could get along with a little less than thirteen. I wouldn't have to work so hard."

Now, the reason Hans and his neighbors can make a living on twelve or thirteen acres apiece, my readers have

already guessed. It is co-operation. They send their milk to a co-operative creamery; they sell their pigs to a co-operative bacon factory; their eggs are collected by the co-operative egg-packing association; they have water in their houses, pumped by a co-operative plant; they have improved their stock through a co-operative breeding club; their grain is threshed by a co-operative thresher; their beet seed are planted with a co-operative sower; and though I forgot to inquire further, I have no doubt but that they, like a host of other Danish farmers, buy their seeds and fertilizers through a co-operative purchase society, and insure their stock in a co-operative insurance company. Indeed, the very fact that they are on the land at all is due to co-operation. They joined together to buy the soil they live on—it was a large estate until a few years ago, when it was divided up into these small holdings—and the government plan whereby money was lent them at low rates for long periods with which to buy the land, may itself be styled a form of co-operation.

As nearly as I can make out the somewhat complicated question (and I have made careful efforts to verify the statement), the way these Ditlevshøj small holders bought their farms was as follows:

(1) Each man had on his own account one-fifth of the purchase price.

(2) Three-fifths of the price he borrowed from a co-operative credit society on these terms: He pays interest the first five years at 4 per cent; after that he pays $4\frac{3}{4}$ per cent a year, 4 per cent of this amount counting as interest and the remaining three-fourths of 1 per cent as sinking fund, or amortization, to pay off the principal.

(3) The remaining one-fifth each purchaser borrowed from the State (on second mortgage), paying interest at the rate of 3 per cent.

This system, it will be seen, is somewhat akin to the Irish land purchase act of 1903, which I have already described, whereby the British government advanced to Irish farmers

(under suitable restrictions, of course) the full purchase price of the land they bought, repayment to be made in $68\frac{1}{2}$ installments of $3\frac{1}{4}$ per cent, $2\frac{3}{4}$ per cent being interest and $\frac{1}{2}$ per cent sinking fund. But the British government, of course, lost money by this plan; it could not itself borrow at $2\frac{3}{4}$ per cent, and I suspect that the Danish government is also making some sacrifices in advancing money to land-buyers at 3 per cent. At any rate, Mr. Christensen, the obliging editor of the local paper who went out with us to Ditlevshoj, told me that 5 to $5\frac{1}{2}$ per cent is the normal rate of interest in Denmark. "The Danish treasury," he told me, "lends 200,000 kroner (about \$54,000) a year to associations wishing to buy great estates for division among small holders, no association being allowed to get more than 50,000 kroner (\$13,500)."

This law, of course, is independent of and supplementary to the general law for advancing money to individual small holders, under which the State lends over \$1,000,000 or more, annually, directly to men of character wishing to buy land. A brief summary of this law may be given in the exact words of Dr. Maurice F. Egan, the United States Minister to Denmark:

"An agricultural laborer in Denmark, who has worked on a farm for five years, who is poor, and who has a character so good that two reputable members of his community will certify to it, may obtain from one of these banks a loan of about \$1,582 in our money. He obtains this solely on his character and ability, and not by any material security he can offer. With this money he may purchase a farm of from three and a half to twelve acres. This farm means live and dead stock on the land and the necessary implements for the working of it. The amount loaned by the bank covers probably nine-tenths of the value of the farm."

It should be added that the rate charged by the government is only 3 per cent with 1 per cent additional for sinking fund. "During the first five years no installment has to be paid upon the loan; thereafter interest and repayment of two-fifths of the loan must be paid at the rate of 4 per cent per annum; when this part of the loan has been paid

back, the remainder has likewise to be paid off at the rate of 4 per cent per annum."

So much for the way co-operation and the government help Danish small farmers like Hans Hansen buy their land. Let us now inquire a little further as to how he and his neighbors live, and how he can make a living on thirteen acres, "and could get along with a little less." The secret of his prosperity is that he is not content merely to make one profit on his work—that of growing the crops. On the contrary, we may say he makes three profits:

One profit from growing the crop;

A second profit from converting his crops into milk, butter, pork and eggs;

A third profit from marketing these to the consumer.

In other words, Hans gets agricultural, manufacturing and commercial profits: (1) Profits as a farmer for growing his crops; (2) profits as a manufacturer (in a sense) through his dairying and stock-raising activities; and (3) profits as a merchant, by reason of sharing the co-operative association dividends obtained in marketing his products. No people ever got rich merely by selling raw material—a fact which explains why the South remains relatively poor in spite of its enormous production. Danish agriculture prospers because it is not merely a matter of growing raw materials. It is a well-organized commercial industry.

Moreover, Hans Hansen's land is doubtless getting richer all the time. Nearly all Danish land is. Sixty years ago the soil was getting speedily poorer, because Denmark was a one-crop country, as the South has been, only the Danish "one crop" was not cotton, but grain. But since the people turned to diversified farming and stock raising, instead of a one-crop system, the land has been growing in fertility all the time. On his thirteen-acre farm, Hans keeps two horses, five cows and a good many hogs—I have forgotten just how many. Anyhow, he sent sixteen pigs to the bacon factory last year, six-month-old fellows averaging 200 pounds live weight.

But after remarking that Hans' thirteen-acre place cost him 13,000 kroner, or \$4,510 American, including land, stock and buildings (part of the price being lent by the state at 3 per cent), we must leave him to visit some of his neighbors. One of these is Marius Yensen, who bought eight tondeland (about eleven acres) five years ago, at about \$100 per acre, the land being then without buildings. Now his horse, his six cows, his pigs, and his wife's Minorcas are housed under the same roof as his family, a condition which obtains with millions of other European farmers. Of course, in all such cases a thick dividing wall must be provided between the living apartments and the barn, and the stables must have daily attention. But it would be a mistake for any reader to think of Marius Yensen's cottage as dirty and unkempt. It is pretty, built by an architect's plan, neatly whitewashed, and the yard is dainty with flowers.

Yensen keeps a good breed of hogs and cows, of course—nearly all Danish farmers do—and I saw one big brood sow which has had 87 pigs in eight litters. His pigs, like Hansen's weigh about 200 pounds live weight when five or six months old, and he got \$540 from the co-operative bacon factory for his pig sales last year. From the co-operative creamery he received \$405 for his cream, besides getting his skimmed milk back for feeding his pigs and calves. Then his wife's Minorcas, besides furnishing eggs for family use, brought in the tidy sum of \$54 from the co-operative egg-packing association. It should also be remembered that our Danish farmer friend is at no expense or trouble for marketing his eggs and milk. The creamery wagon comes for his milk pails as regularly as the sun rises, and the co-operative egg wagon calls every Monday.

The representative of the "control society," or cow-testing association—usually a young man who has studied dairying in some agricultural college—makes a visit every eighteen or twenty days, ascertains the quantity of milk and amount of butter fat each cow is producing, and compares the value of the feeds given her with the value of her

milk. "It fares that cow to hastening doom a prey" which does not show a profit! The secrets which the "robber cow" once successfully concealed, are now proclaimed from the housetops—or, it would be more accurate to say, from the butcher's block. Largely because of the activities of the control association and the resultant discovery and disposal of the "undesirable citizens" in the dairy barns, the average Danish milk production per cow increased from 4,500 pounds in 1898 to 5,865 pounds in 1908—a gain of over 30 per cent in a single decade. Moreover, Professor Rasmussen of the New Hampshire Agricultural College, a Dane by birth, assures me that the average milk production per cow in Denmark has actually doubled in twenty-three years. Yensen's own cows averaged 8,800 pounds of milk last year.

About this time it seems to me I can hear some of my readers saying, "Well, Friend Poe no doubt liked that Denmark farmer's fine stock, and his careful rotation, and his progressiveness in patronizing a co-operative creamery and bacon factory, but there is one thing he must have objected to, and that is, that with such small farms about all the plowing must be of the one-horse sort."

But to all such readers I would say, Not so fast! The presumption is a natural one, but as a matter of fact, co-operation which helps Yensen in so many other ways, helps him here also. He does no one-horse plowing. The truth is, one-horse plowing is an unusual sight anywhere in the Danish kingdom. One of the secrets of its prosperity is that it has more horses per square mile than any other country on earth—an average of thirty-two—and while here and there a small holder like Yensen, with only ten or twelve acres, and that not quite paid for, may have only one horse, even then he usually thinks too much of his time and of his land's time, to waste either with one-horse plowing. When Marius Yensen wants to plow, he borrows another horse from a neighbor, and in return Yensen lends his horse to the neighbor when the neighbor needs it.

That is true co-operation for you!

CHAPTER XXIV

COWS AND CO-OPERATION HAVE MADE DENMARK RICH

Co-operation, Scientific Knowledge, Strict Business Policies, and High-Quality Products Are the Four Secrets of Success—How the Co-operative Societies Were Started Without Capital—Plans of Payment—Necessity for Binding Legal-Form Agreements Among Co-operators—Inspection to Insure Quality of Product

THE SCRIPTURES speak of Palestine as "a land flowing with milk and honey." In view of the great number of cattle and hogs in Denmark, it might be called a land flowing with milk and gravy. "Like ancient Gaul," says Minister Egan, "all Denmark is divided into three parts—butter, bacon and eggs." And he might have added that of these three the greatest is butter.

I have already remarked that there are more horses to the square mile in Denmark than in any other country the sun shines on, and I believe the same thing is true with regard to cows. At any rate, there are 442 milk cows for each thousand of the population, as compared with 224 dairy cows for each thousand Americans.

The first Danish co-operative creamery was established thirty years ago. Undoubtedly it would be rash to assume that one cow in a hundred was then enrolled in the co-operative ranks, but now more than eighty cows in every hundred are fashionable, up-to-date, co-operative cows and less than twenty are left untouched by the modern spirit. Of the 1,507 creameries in Denmark on the latest date for which I have the figures, only 242 were private and 85

estate, while 1,177 were operated on the co-operative basis.

These Danish co-operative creameries on which England's hungry millions have learned to rely for their butter supply were formed, almost without exception, without the members paying out one cent as capital to start on. "At first we had the banks all against us," Mr. J. H. Monrad, the well-known dairy expert, told me, "but now we can get anything we want simply on the principle of united and solitary responsibility—a guarantee signed by all the members. There is almost no chance of failure, and the members do not hesitate to sign the notes. Then we agree to pay the bank the usual rate of interest—say, 5 per cent—and to pay back at the rate of 10 ore (10 ore is not quite three cents American money) for each 100 pounds of milk handled. Then the bookkeeper in paying the farmers for a hundredweight of milk deducts not only the fixed rate for expenses, insurance and interest, but also the three cents that goes to pay off the debt. Suppose, for example, a farmer would otherwise net \$1.15 per hundredweight for his milk, then a deduction of three cents would leave him \$1.12. Usually the rate of repayment is so figured as to clear off the debt in seven to ten years, but it has happened that creameries have paid out completely in four years."

There is one other principle religiously observed in all these co-operative creameries and other Danish co-operative enterprises which Mr. Monrad insisted that I must emphasize in writing of the subject for American farmers—the principle of having all contracts absolutely definite, binding, compulsory and businesslike. And in this I am sure that he is right. If we don't mean business about this matter of co-operation—straightout, thoroughgoing, Yankee-like "business"—we might as well let it alone. Co-operation, I am thoroughly convinced, is the greatest discovery of modern times for the betterment and uplift of our farming people, but like everything else worth having, something must be sacrificed to get it. Farmers cannot simply enroll their names as members of a co-operative

society and then float into an earthly Paradise on flowery beds of ease. City business men cannot succeed unless the members of their partnerships or corporations are strictly, definitely, legally, bound up to do certain things, and farmers cannot make all the middleman's profits unless they are willing to take some of the middleman's risks. Let's make up our minds to that. But the farmer has this advantage, that while loss to a business man often falls heavily on an individual, loss in a co-operative enterprise, in the rare cases where it has happened at all in Denmark, has been so widely scattered as to seriously handicap nobody.

"You must make your American farmers resolve on the compulsory feature in the very beginning," Mr. Monrad said to me. "Great as are the advantages for co-operation here in Denmark, our farmers would nevertheless have failed in great measure—just as the German farmers would also have failed—if we had not had the compulsory feature inserted in all our agreements. When a creamery is started, each subscriber agrees to deliver all his milk that is not required for family use for ten years to come—sometimes it's seven years, but usually it's ten—to the new establishment."

And this promise is no mere expression of intention, but a definite, binding, legal agreement that can be enforced in the courts, and damages can be collected from any man violating it. Thus if a man has agreed to deliver milk from five cows, he will be responsible to the creamery if he sells his farm without requiring the purchaser to assume his obligation and continue to send the milk from five cows. The other day a case came up where a man who had agreed to deliver all his milk had increased his herd, and from his newly-bought cows had sold milk to the city instead of the creamery. Thereupon the creamery sued him, and the court directed that he be fined not to exceed \$500, the exact amount to be fixed by a disinterested committee.

Of course, all this is nothing but businesslike. Ordinarily, it requires milk from about 400 cows to insure the success of a creamery, and it would be poor business to start one if

on some excuse or other half the members might pull out and leave the creamery without sufficient milk supply to make its operation profitable. Suppose, for example, in some neighborhood there was a rival creamery that wished to break up the co-operative creamery. If there were no compulsory provision in the co-operative creamery contracts, the other creamery might for a time offer unwarrantably high prices and so entice away a sufficient number of co-operative creamery members long enough to break it up. If we are going into co-operation here in America, we must have definite, binding agreements in every case—and agreements covering a sufficient product to insure success.

The Kildevang creamery near Ringsted which I inspected may be regarded, I suppose, as fairly typical, in essential things, of the other twelve hundred co-operative creameries in Denmark. "Kildevang" was started twenty-three years ago with 300 cows and a debt, but is now patronized by 120 farmers with 800 cows, and has nearly paid for itself out of installments, besides the profits returned directly to the farmers. I failed to inquire, but I suspect that the plant has been enlarged and that the installments now payable are for the addition to the original plant. This creamery sends out nine wagons every sun-up to collect the milk, and produces, I was told, 385 pounds of butter daily, and I don't know how much cheese. Its yearly income is \$54,000, and for the last six months period for which I have the figures, it appears to have made a profit after paying all expenses and installment on debt, of 10,794 kroner—about \$2,914.38, or at the rate of about \$50 a year profits for each farmer. Of course, however, the profits are not divided per capita among the farmers, but each farmer receives dividends exactly in proportion to the quantity of butter fat he has furnished. In business management, moreover, Danish creameries are absolutely democratic. In the business meeting every member has one vote, whether he furnishes milk from five cows or fifty.

A large part of the farmer's golden reward is due to the fact that the co-operative enterprises are able to "standardize" their products and get correspondingly higher prices, as an individual farmer is not. A co-operative creamery, bacon factory, or egg-packing factory is able to establish a standard of quality and guarantee this standard to the consumer. Most farmers are not as careful as they ought to be, and where a farmer is careful to give good quality every time, his reward is slight because he is too small a factor to be considered by the market. But on the large markets a large group of farmers can demand and secure higher prices for higher quality products. Jim Smith may produce butter of superb quality, for example, with small reward; but Jim Smith's county may make a reputation which will mean added profit for every producer in every shipment.

So it has been with Danish butter. Before the day of the co-operative creamery most of it was bad, and what wasn't bad fared after the fashion of poor dog Tray in the Blue-back speller—it was punished because it was in bad company. "Before the co-operative creameries," said a thoughtful Danish farmer to me, "the farmers could hardly sell their butter at all. It was so dirty England wouldn't have it at any price." What "peasant butter" was sold at all brought one-third less than the regular creamery product. Now Denmark boasts that there is only one quality of Danish butter—good. "Second-class and third-class butter has disappeared from the market."

A great part of the co-operative creamery's profit is due to saving the middleman's charges, but my conviction is that about as large a part is due to the fact that it is able to guarantee its customers absolute regularity in quality and almost absolute regularity in quantity of butter furnished. Take Kildevang as an example. Not only is everything about the place appetizingly clean, but every single time a pound of butter goes back to a patron (and, of course, the patrons get their own family butter

from the creamery instead of depending on the old-fashioned dasher churn) a notice is inclosed reminding the farmer over and over again with what must be almost exasperating reiteration just what he must do in order to have his milk supply acceptably clean. "Kun God Maelk Giver Smor" ("Only Good Milk Makes Fine Butter") is the heading set in big type; and the regulations as a whole cover what we might call the ten commandments of good and cleanly dairying.

Moreover, since Noah Webster's fables have come to mind, I may remark that the Danish creamery managers, following the example of the old chap who found the saucy boy up his apple tree, do not look upon soft words as the only legitimate means of persuasion. If these fail, then, figuratively speaking, "they try what virtue there is in stones." Rider Haggard says of the Brorup Co-operative Dairy:

"All milk supplied is sampled by experts once a week. If any particular lot does not come up to the standard the farmer is warned, and if the deficiency in fat or other imperfection continues, his milk is refused. This rarely happens, however, as the result of such a warning is that the quality of the aspersed milk improves."

Moreover, "Sis Cow," as Uncle Remus would say, must be watered amply if she is to give milk, and it looks odd to see vehicles like our city water wagons traversing the fields for her refreshment. Running water is not very plentiful in the tile-drained fields (nearly everything is tile-drained in Denmark), but windmills—quaintly picturesque old Dutch affairs here and there side by side with new American-looking steel ones—pump water easily; and wind, they observe, is cheap and plentiful. Moreover, here is another chance for co-operation, and a Dane had rather miss his dinner than a chance to co-operate. Marius Yensen, Hans Hansen, Peter Villadsen, and the other small holders mentioned in my last chapter, together with fifteen other small farmers, jointly own a windmill which I found sup-

plying water to all the eighteen families clustered in the community.

Cows and co-operation—this is the team all Denmark is betting on! Not only have the creameries doubled the farmer's profits on the same quantity of milk, but the "control society" or cow-testing association, to which I have already referred, is teaching him to get rid of his unprofitable cows and so double his profits again as a result of keeping cows of better quality. In 1907, the cows owned by members on the control association averaged 6,344 pounds each, while those owned by farmers who were not members, averaged only 5,643 pounds. There has never been the slightest disposition to ignore the importance of scientific farming among these Danish co-operators; there has been no foolish scoffing at "book farming." "We are going to get everything we can both out of better means of production and better means of distribution," has been their motto, and they have made double profits for this very reason. If I had to name the three things that are almost equally responsible for the Danish dairyman-farmer's full pocket-book, I should say:

(1) Scientific and economical production, due to thorough study of the principles of dairying and farming in farm papers, farmer's bulletins and extension work.

(2) Scientific handling and marketing, due to co-operative effort along strict business lines; and—

(3) The extra top-notch prices obtained through ability to enforce from producers and guarantee to consumers absolute cleanliness and a high quality product.

CHAPTER XXV

AVERAGING \$2 MORE PER HOG THROUGH CO-OPERATION

That Is the Net Result to Danish Farmers—An Interesting Visit to a Co-operative Bacon Factory and a Co-operative Egg-Packing Plant—Importance of Standardizing Products Again Emphasized—\$2.70 Fine for Sending a Bad Egg

NEXT to the co-operative creameries, we find in the "bacon factories" or slaughter houses, as they are usually called in English, the most important form of Danish co-operation. I was told in Copenhagen that there were thirty-nine of these establishments, a figure which compares with one in 1888, seventeen in 1895, and thirty-two in 1905, a very steady increase in the number in operation. Over a million and a half pigs are slaughtered every year, or three times as many pigs as there were in all Denmark thirty years ago—a million and a half pigs a year, observe, in a country with just a little larger population (2,757,057) than an average American state, and not one-third the area (15,582 square miles). While Denmark is a kingdom all to itself, therefore, we must always keep in mind that it is only about the size of three or four congressional districts in America.

Personally, I found the Ringsted Bacon Factory one of the most interesting places I visited, as I had gone through too many personal experiences in hog killing, scalding, scraping, etc., on cold November sun-ups for the place to disturb me; but the manager, Mr. Jens Piil, told me that when Mr. Rider Haggard visited the place he left almost before he got there—as that gentleman himself confesses. The Ringsted factory collects pigs from all the country for

ten miles around, now has 3,300 members, and slaughters a thousand pigs a day—one and a quarter a minute during working hours. The Biblical saying about the grass “which today is and tomorrow is cast into the oven” came vividly to mind, for the conversion from live pigs into pork ready for curing is almost oppressively sudden. I didn’t make an investigation for myself upon this point, but a man who did, says:

“I timed by my watch a pig from the moment he was stuck to where the carcass had been scraped, inspected, cleaned and divided in half, ready for the government inspector’s stamp (which is burned on the side with a factory stamp before going into the cooling rooms), and it was exactly twenty minutes, and the work was most thoroughly done.”

It would hardly interest the reader, or delight his æsthetic sense, to describe the slaughtering operations. When David B. Hill was returning from a National Democratic convention once he remarked that “Presidents are like sausages: you like them better if you don’t see them made”; and it is a good deal the same way with all pork products. Suffice it to say that all the latest improved appliances such as Armour and Cudahy use in America, will be found in these Danish factories, and every operation is conducted in a thoroughly scientific, economical and businesslike manner. Fifty-two men are employed at Ringsted and every man knows his job and does it. Moreover, here, as in Chicago, they “save everything about the pig except the squeal.” After passing through the cooling rooms with their fresh carcasses, the enormous curing vats, and the lard department, we entered the sausage department where an automatic sausage-stuffing machine was doing its work with a celerity that would amaze our American farmers, and next discovered that even the blood of the slaughtered hogs is carefully saved, mixed with grain and molasses, and sold as a pig feed! The livers were formerly exported to Germany, but about 1903 Germany passed a law forbidding

their importation, whereupon these resourceful Danes rose immediately to the emergency. The bacon factory managers "put their heads together and drafted leaflets with the aid of experts, embodying recipes for making delicate and savory dishes from pigs' livers." These recipes were scattered over Denmark, with results that were quickly apparent.

I have already remarked that the co-operative creameries in Denmark have probably increased the farmer's profits quite as largely by requiring and guaranteeing a uniform high quality as by saving middleman's profits. There is, of course, not so much room for variation in quality of pork, but here, too, co-operation has come to the aid of both producers and consumers with good results to both. In Ringsted, as in other co-operative bacon factories, I found an official inspector at work before whom the secrets of all pigs' hearts (and stomachs) stood revealed as the dead march passed in review before his ever-scrutinizing eye. Every carcass exported must bear the inspector's stamp, certifying it as either first-class or second-class meat. "Ninety-three per cent of the pigs pass the inspector as being thoroughly sound," Manager Piil told me, "seven per cent are found diseased. Usually the removal of some especially diseased portion leaves the rest of the pig all right, and only one-third of 1 per cent of the carcasses have to be rejected altogether."

From its small farmer patrons, I was told, the Ringsted establishment gets about ten pigs a year each, from owners of medium-sized farms, thirty to forty pigs each, and from others eighty to one hundred.

The space I have left will only allow me to refer briefly to the business side of these co-operative slaughter houses. We have all heard of "wheels within wheels," and this is what one finds almost everywhere in studying co-operation in Denmark. The bacon factories are themselves co-operative and then they co-operate in mutual insurance of their products, and in mutual accident insurance for their work-

men, and in mutual insurance against losses through labor strikes—although I confess I never heard of a strike in Denmark.

The Ringsted factory, I should not omit to state, was started sixteen years ago, with less than 1,000 members, as compared with the 3,300 it has today, and it then took care of only 400 pigs a week in busy seasons, while it has recently handled 2,000 a week. The farmers borrowed the money to build the plant, and have paid out of the profits for the equipment \$43,200, besides the other profits paid directly to the farmers. In fact, all these bacon factories and slaughter houses seem to have paid handsomely. Ten per cent a year seems a usual dividend; and one plant in fifteen years paid out from its profits \$40,000 for equipment, besides paying each farmer-member 78 cents bonus for every pig furnished in addition to the full market price. An Irish deputation which visited Denmark several years ago, found the Roskilde society paying a bonus of 73 cents per hundred-weight, Haslev 84 cents, Horsens and Kolding 92 cents. In other words, the farmers received profits or dividends of from \$1.46 to \$2.84 on each 200-pound hog delivered, in addition to top-notch market prices. It is not hard to convert people to the benefits of co-operation where you can present such argument as that!

In the bacon factories, as in the creameries, there is absolutely equal suffrage. Every member has one vote, and only one, in the yearly meetings. "It doesn't matter whether a man furnishes one pig or one hundred," Manager Piil said to me. "When we have our annual meeting in February, all have the same voice as to the business affairs of the organization. An executive committee of eleven is elected, which meets monthly for the general conduct of the business."

I had intended writing at some length of the Ringsted Co-operative Egg-Packing Society, but must dismiss it with a paragraph. In many respects it is like the Irish poultry society I have already described, but unlike that institution

it collects eggs weekly instead of daily. Every Monday morning it sends out twenty-eight wagons over a radius of eight miles and gathers in eggs from 2,000 members.

It also handles poultry, and I was interested in investigating the system of artificial fattening or "cram feeding" which is practiced in the winter months. For two weeks the unwilling birds have milk dough pumped into them, and the society last year sold 3,000 birds thus fattened at from 24 to 27 cents a pound.

Most of the business, however, is in eggs, and here the greatest care is exercised. A woman "candles" every egg—that is to say, examines it by looking at it in an egg-testing apparatus, the lights indicating its freshness. Farmers are supposed to deliver to the wagons each Monday only the eggs laid the week before, and the remorseless tester is very likely to discover any violation of this regulation. If by any chance, however, an egg should succeed in deceiving the very elect who conduct the "candling" tests, it would still have to reckon with a yet more relentless day of judgment, for each egg is rubber-stamped with the initial and number by which the farmer is known. For example, "F. 97" means farmer No. 97 in Society F. A slip is inclosed with each box of eggs asking the purchaser, in case any egg proves unsound, to report its number to the society, and the society promptly hunts down "F. 97," or whoever the offender may be.

"If a man sends a bad egg," the manager informed me, "he is first reminded of his offense. Then, if it is repeated so soon as to indicate carelessness, he is fined five kroner (\$1.35); for the third offense, \$2.70; and if he persists in evil-doing, he is expelled."

Quality, quality—that is the watchword in all Danish co-operation. The societies demand quality; enforce quality, guarantee quality; and they could never have succeeded in winning such profits for their members if they had not been whole-heartedly determined to give an absolutely square deal to every customer. Every creamery, every

slaughter house, every egg-packing institution, feels itself in some sense a trustee of the reputation, the good name, of Denmark, of Danish farmers, of agricultural co-operation! Even the humblest peasant shares the feeling.

"I'll give you one of the big secrets of our success," a very intelligent farmer said to me. "It's in the form of an incident a Swedish authority observed when investigating our egg export business. While traveling across the country just after he got here, he came to a little cottage where an aged houseman's wife was carefully cleaning the last one of a big basket of eggs.

"'Mother,' he said to her, 'you seem to be wonderfully particular to rub off every spot.'

"'Yes, sir, stranger,' was her prompt reply, 'don't you know that we must have nice and clean eggs for the honor of Old Denmark?'

"'And right there,' the Swede continued, 'I knew that I had found out one of the main explanations of the great success I had come over to investigate.'"

CHAPTER XXVI

"FOLK HIGH SCHOOLS" RESPONSIBLE FOR SUCCESS OF DANISH CO-OPERATION

Denmark Has Not Only Good Primary Schools and Compulsory Attendance, but a Remarkable System of "People's High Schools"—These High Schools Make Ideal Social Centers—Ignoring Stereotyped Formulas, They Aim to Prepare Students Not for College but for Efficient Living in Their Own Neighborhoods

THE farmers rule the roost in Denmark," Mr. Monrad said to me as we talked together in Copenhagen. "It is not a lawyer-bossed country such as you have in America, where lawyers outnumber all other classes in Congress, in the Legislatures, and in the party councils." Mr. Monrad had lived in America several years, and knew what he was talking about. "In our Rigsdag or Congress," he continued, "the farmer members have an absolute majority."

The explanation of all these things is not far to seek. If three things—Ownership, Education and Co-operation—explain the Danish farmer's prosperity, two things—Education and Organization—explain his political power. Organization alone will not do the trick. You might organize ten thousand men in your county tomorrow into an army, but if they had not been "educated" for their work—that is, if they had not been trained to shoot and to march and to maneuver—they would go to pieces in a minute before a thoroughly organized and disciplined—that is to say, thoroughly "educated"—German battalion. So our farmers, no matter how well organized, will fail, in great measure, unless they are educated, unless they read and study and

plan as wisely as the great body of the educated and organized forces with which in a democracy they must always contend.

Let me give my readers here the sign and password of the Danish farmer's success. I found the sign at the first farmers' school I visited in Denmark—the Karehave "Husmandskole," near Ringsted. It is the emblem of this school to which so many farmers come for short courses, and might well be the emblem of many a similar institution in America—an owl and a spade united, the owl representing knowledge, the spade representing labor. "It means 'Wisdom and Work'" (*Visdom og Arbeida*), we were told, and our entire party agreed that it might well be taken as the emblem of the new Denmark. And it is, indeed, because the Danish farmer has combined Wisdom and Work, Learning and Labor, Education and Energy that he rules his kingdom and divides to every man the fruit of his labors.



While, of course, it is to the splendid system of compulsory public school education that we must look for the secret of the Danish farmer's intellectual progressiveness, the Karehave school itself is about as good an illustration as one could wish for to emphasize the general thirst for knowledge. "Husmandskole" it is called, or "Housemen's School"—houseman being the Danish word for small farmer. No one under eighteen is admitted, and the instruction the boys and men receive is agricultural in character, their term lasting, I believe, from October to May, while the May-to-October session for the girls and women looks to helping them in cooking, housework, poultry keeping, gardening, etc.

Karehave's greatest service to the farmers of Denmark, however, is doubtless rendered through its "short courses"—eleven-day courses in such subjects as dairying, stock feeding, poultry raising, special crops, etc.—eighteen of

these courses being given each year, one beginning the first Tuesday and another beginning the third Tuesday, in nine months of the twelve. It was inspiring to see the grown men and women who had come for these courses, when I visited the school; middle-aged farmers, smoking their crooked pipes, walked across the campus in company with their gray-haired wives who had come to find out how science could help them in their work. "Frequently the husband comes first and takes the agricultural course," I was told, "and is so much pleased that he has his wife come, or perhaps comes back with her. Or perhaps the good woman is more alert and progressive than her husband, in which case she is not rarely the first one to find out the helpfulness of the school and come." Aged men and women, such as would seldom think of such a thing in America, renew their youth and refresh their minds with new-found knowledge at Karehave. "I believe you have had one student seventy-two years old," Editor Christensen said to Professor Nielsen of Karehave, as we talked together. "No, we have done better than that," Professor Nielsen replied. "We have had one pupil enrolled who was seventy-six, and at one time we had two pupils past seventy years old!"

Perhaps, just as Denmark is said to have "the microbe of co-operation," it also has some microbe that keeps men always eager to learn more. At any rate, when I called by the American Embassy in Copenhagen the day I sailed to tell Dr. Egan good-bye, I found him assiduously engaged in a French lesson—and he is sixty-four!

But what Danish educators chiefly boast of is their system of "folk high schools," attended by thousands and thousands of young men and women, from eighteen to twenty-five years old. These schools differ a great deal from our American high schools, which, as a Dane said to me, too often aim only at preparing a boy or girl for college or the university, whereas the Danish people's or "folk" high schools aim at preparing for life, industry and citizenship. The reader will observe that the Karehave school,

I have just been describing is an institution for technical instruction in agriculture and domestic science, and does not belong to the type of "folk high schools" or "people's high schools" I shall now briefly discuss.

So far as I know, there is nothing anywhere else in the world quite like these "Folk High Schools," and they deserve the careful study of all our people who are interested in the improvement of country life. In Denmark these folk high schools are the true "social centers," which should form the heart of every country neighborhood, and they no doubt account largely both for the unusual spirit of comradeship and the high average of intelligence throughout the country.

These schools are not given over to formal text-book lessons and examinations, but the instruction is almost entirely in the form of public lectures, followed by discussions, questions, answers, etc., the general aim being to stimulate character building, good fellowship, and patriotism in the pupils, "developing the heart, mind and will," as it is expressed. They study all the best Danish literature, a special object being to develop the reading habit; history gets a very large part of the time; agriculture is studied in many schools; geography, mathematics, English, gymnastics and athletics are given attention; and a special effort is made to furnish adequate instruction in health subjects—physiology, hygiene and sanitation. An important aim is that of stimulating patriotism, and the singing of the beautiful national songs is done with such enthusiasm and inspiration that a foreigner doesn't need to know the words in order to realize their beauty. Old and young alike come to these lectures, and nearly every visitor to Denmark goes back with some story of the crowds he saw—some walking, some driving, some on the ever-present bicycle—all bound for the neighborhood high school to hear the public lectures. As Mr. Monrad said to me: "The people's high schools may be said to aim simply at arousing a craving for more knowledge and eventually self-

improvement, but originally it was a half-religious, half-patriotic propaganda which proved a cornerstone for the co-operative building, or—if you please—a fertilizer for the co-operative tree."

To provide a broader culture for the great masses of the people; to get them to read and think and love their country and their fellows; and to promote a spirit of good fellowship and bind the neighborhood together both in industrial and intellectual activity—this is the great purpose of the folk high schools, and most remarkably do they succeed in carrying it out.

Every boy and girl, or young man or woman, must go to the high school if he or she is really to "count" in the neighborhood. "Not to go, is a social loss," as Dr. Egan puts it. The young men spend the five winter months, November to March inclusive, and the young women the three summer months, June, July and August, as boarders in these schools, and here I must emphasize the universal opinion that the acquaintances and the spirit of comradeship formed in these schools, along with the high degree of intelligence they insure, explain, in great measure, the success co-operation has attained. "These high schools are the basis of the agricultural development," Minister Egan has repeatedly declared in his American lectures; and Dr. Herbert G. Smith is only stating a matter of common knowledge when he says in his "Agricultural Co-operation":

"The leaders of the movement in Denmark attribute the capacity for organization among the Danish farmers to two chief causes—namely, the education given to the peasants in the rural high schools, and the division of the land among the small free holders."

"No, we could never have won the success we have without the folk high schools," the first Dane I interviewed declared; and the last one echoed the same opinion. "It is in them that the people learn fellowship and good will," was his explanation. One important point to keep in mind is that there are no examinations in these folk high

schools, so a young man or young woman is not barred out simply because he or she may happen to be a little backward in some particular study, "or not know the exact shade of Julius Cæsar's hair." This is, indeed, a great advantage.

But the big fact to keep in mind is, that it took a thorough system of education—not merely common schools, and compulsory attendance, but high schools also—to enable the Danish people to win the success, independence and prosperity they have achieved.

I neglected to ascertain what appropriation the government now makes to these people's high schools, but Mr. Monrad tells me that "\$68,499 is distributed through local authorities and agricultural or dairy associations to aid worthy students in paying for their school expenses." And here is a good lesson for some of our American states which are lavish in their support of universities and higher institutions of learning for the benefit of the fortunate few, but utterly neglect the great masses of farm boys and girls who cannot think of entering a college, but ought to have special training in practical middle schools after leaving the regular public schools. Why should we not extend more help to farm boys and girls who wish to attend agricultural high schools or take short courses in agricultural colleges?

How popular these "folk high schools" are in Denmark, and how ready the people are to rally to their support is indicated by one incident that came to my attention. A few years ago one of the schools got into financial difficulties of some kind that threatened its future, and one thousand farmers joined in raising a fund for its deliverance!

CHAPTER XXVII

SEVEN SECRETS OF SUCCESS WITH DANISH CO-OPERATION

The Stock Breeding Associations and Rural Credit Unions Described—Businesslike Methods of Starting Co-operative Enterprises—Importance of Careful Auditing and Inspection of Books—The Government and the Farmer—Seven Factors Which Explain the Wonderful Record of Danish Co-operation

HOW many kinds of co-operative societies there are in Denmark I have no idea. The latest government "Aarbog" ("Yearbook") lists co-operative creameries, co-operative egg-packing societies, co-operative stores, co-operative slaughterhouses, co-operative fertilizer associations, co-operative sugar factories, societies for co-operative accident insurance, the Co-operative Association for Buying Agricultural Machinery, the Co-operative Association for Creamery Accident Insurance, and enough more to leave one gasping for breath. Mr. Monrad told me that in Naerum they have a co-operative bakery, where the bread for all the members is baked in enormous ovens.

Nearly all of these societies are of hardy outdoor growth—not an exotic growth forced into an unnatural development through artificial stimulus. The farmers of Denmark have not sat idle waiting for the government to do something for them. Mr. Roosevelt once said that our attitude with regard to the negro ought to be, "Help him if he stumbles, but if he lies down, let him stay," and this excellent policy has been steadfastly observed by the Danish government in its relation to agricultural organizations. It has stood ready to help, but not to

coddle, ready to supplement the farmer's own contribution, but not to supplant it.

Only in the case of the societies for the improvement of stock and the purchase of breeding animals have there been any notable government appropriations. The "control societies" or cow-testing associations of which there are 530 local organizations, get \$32,400 from the government, and the money is certainly well expended. I have already explained the plan in brief; once every eighteen or twenty days the representative of the society (who is, of course, a thoroughly trained, technically educated dairyman—or sometimes a woman) visits each farmer, ascertains each cow's milk yield and the percentage of butter fat, and advises the farmer with regard to her feed and all matters of common interest. The farmers pay about 27 to 54 cents a cow annually for the service, and the government supplements the amount from the \$32,400 appropriation I have just mentioned.

In somewhat the same fashion traveling agricultural instructors, corresponding somewhat to our demonstration agents, are employed through the agency of the society, the government paying half their salaries and the farmers one-half. The National Danish Creamery Association also gets a subsidy of about \$1,000 a year, one feature of its work being the encouragement of "Pail Shows" or Butter Shows. About every two or three months each local association, comprising say ten, twenty, or thirty creameries, will have an exhibit, samples of butter from each creamery being tested and scored.

There is also, through some organization, general oversight into the quality of output of each creamery. The "surprise" element of this inquiry is its effectual and distinguishing feature. Without warning, a creamery will get a telegram requiring it to express a sample of that day's product to Copenhagen. In cheese making it is, of course, not practicable to act so quickly, but a mold is sent by mail with the requirement that it shall be returned next day.

and the cheese bearing its imprint forwarded later. No creamery can afford to turn out anything but clean and wholesome butter and cheese, for the manager never knows when, by this or other surprise methods, the searchlight of official scrutiny will be turned full upon his establishment. It is to the interest of every dairy to require every other dairy to produce a high quality product, for all Danish export butter bears the government trade-mark, all alike profit by its reputation, and the good name it has gained is indeed rather to be chosen than great riches.

The horse breeding, cattle breeding and pig breeding associations have perhaps had a more rapid growth these last five years than any other sort of co-operative organization, and to them the government has been especially liberal. The general plan is that if a sufficient group of farmers join together to purchase a prize-winning animal, approved as worthy by expert judges, the government will itself pay a part of the purchase price. I have already recorded the almost marvelously helpful results attending such a policy in Ireland; and the rapid growth of these organizations and of the government subsidies granted them, indicates that equal satisfaction must have been achieved among the Danish people. The government appropriation for horse breeding societies has been increased in twelve years from \$13,500 to \$43,500, and for cattle breeding societies from \$18,900 to \$54,800.

The farmers' co-operative purchasing societies in Denmark have had a very stormy but triumphant history. Originally, they seem to have aimed only at buying feeds and fertilizers for their members, but they have now greatly extended their operations and deal in a variety of supplies. They had to fight from the day of their birth, and it was for a long time uncertain whether they would survive. In Ireland, when the co-operative societies for buying seeds and fertilizers were started, the "gombeen-men" or time merchants were so furious that in some cases they brought false charges against the promoters and had them arrested.

And Danish co-operators, in their early days, had almost as bitter a struggle. The merchants combined against them, and by pressure brought the wholesalers and manufacturers into league with themselves against the co-operating farmers. That is to say, the merchants said to the wholesalers and manufacturers, "We will not buy from you if you sell direct to the farmers," and in consequence the co-operative societies found themselves unable to purchase the supplies they wanted, either from wholesalers or manufacturers.

But the embattled Danish farmers were not to be conquered so easily. "Very well," they said to the manufacturers, "decide for yourselves. If you will not sell to us, we will build factories of our own." And that is what they straightway proceeded to do in a number of instances. The dairymen have a co-operative factory for making their own churns and butter tubs, and there are a number of other co-operative factories—rope factories, woolen factories, fertilizer factories, coffee and rice mills, etc., etc. Just now a cement factory is in prospect.

But the wise Danes do not rush blindly into any new enterprise of this kind. They are strictly businesslike in their efforts. Not a brick will be laid for the cement factory, not a cent of risk taken by the farmers, until the guaranteed orders from the co-operative stores are sufficient to insure its success.

The seed business of these co-operative societies is naturally immense, and I was interested in visiting the chief seed farm located at Lyngby hard by the agricultural college there. The Danish Co-operative Wholesale Society sells one-seventh of all the farm seeds sold in the kingdom, I was told—\$12,000,000 worth—and an interesting feature is that all the profits are put aside as an insurance fund to repay any members who may have by any means received bad seed. At Lyngby, however, there are test plots, from which samples of the seed furnished by all leading growers are tested, and a farmer's complaint will need corroborative testimony unless the society's own tests indicate that the

seeds were inferior. It is said that one result of the co-operative seed business has been to greatly improve the quality and cheapen the price of all kinds of farm and garden seeds.

A sugar factory is the newest co-operative enterprise now assured. There have been six or seven sugar factories in Denmark, all apparently in a trust, and making about 25 per cent dividends, according to common report. So a co-operative sugar factory was planned, product from a sufficient area guaranteed by the farmer members to insure a full supply of beets, and the sanguine incorporators went to the Copenhagen banks to borrow the needed capital. It was here that they ran against that vague and nebulous, and yet powerful influence we Americans have denominated "the money trust." The directors in the great banks were also, some of them, directors in the sugar trust. They didn't want a rival factory started, so they refused to lend the money. It happened, however, that one of the leading farmers was cousin to a rich German capitalist, and he furnished the required capital.

The co-operative credit societies in Denmark differ rather notably from those in most other European countries. Credit unions exist, these not lending money directly, but furnishing the borrower credit union bonds, which he can sell in the open market for whatever he can realize on them.

For example, suppose a Dane has a farm and a residence. From a popular type of credit union he can borrow three-fifths the value of the house, or one-half the value of the land, up to a maximum limit of \$1,286. Suppose he should be entitled to borrow \$1,000. Then the credit union, upon taking his mortgage, instead of paying him \$1,000 in cash, turns over to him its 4 per cent state-guaranteed bond for \$1,000. He sells this for whatever he can get for it—something less than par, depending upon the state of the money market. Then he pays 2 per cent to a reserve fund; and after that he pays 4 per cent interest a year and 1 per cent extra as discount or sinking fund, and this total of 5 per

cent a year—\$50 on the \$1,000—paid each year for 45 years, extinguishes the loan. Of course, if he wishes to pay off earlier, he can do so. In this case, suppose the \$1,000 in bonds should sell at 95, then the borrower would get \$950 in all. But he would be bound to the bank for a full \$1,000, which would mean in effect simply that he paid a premium of \$50 to get \$1,000 on such favorable terms.

The members of these credit unions borrow on their joint, several and unlimited liability; but it is said there have been no losses for 50 years, and the 2 per cent reserve fund would certainly seem ample insurance against any trouble of this kind.

In most ways, as the reader has probably come to believe, the Danish co-operative societies have been very business-like, but in one respect they have been unaccountably remiss. In many cases they have neglected to employ skilled or professional auditors to examine their books, and apparently have neglected to obtain adequate bonds from some high officials. "We are a sort of trusting, confiding people," Mr. Monrad said to me. "I suppose that is the reason Dr. Cook chose Copenhagen as the place from which to announce that he had discovered the North Pole!" At any rate, the importance of requiring absolutely thorough-going inspection has now been impressed upon the Danish co-operators in such a manner that they are not likely to forget it again. A "high financier" lawyer and an all-round "jolly good fellow" got into the good graces of the farmers, got himself appointed to some responsible position where he handled a lot of the farmers' money; and soon began speculating. When the auditing board would come around, he would wine and dine them, wind up with an invitation. "Now, let's look over the books and see how much I have been stealing," and the members, not being professional bookkeepers, nor as strict as they should have been, would go away and report everything all right, this being the regular program, until one day the crash came, and it was discovered that the daring plunger had robbed the credulous co-operators of several fortunes. Now the Danish farmers

are beginning to employ professional auditors for the examination of their accounts, just as the Irish farmers do, and as the German co-operative societies are required to do by law.

A sort of summary may now not inappropriately conclude our story of Danish agricultural co-operation:

1. There is no doubt about it that the success of Danish co-operation is mainly due to the fact that such a great proportion of the Danish farmers own their own homes and land—the division of the land into small holdings. Just how small they are will be indicated by the following table:

Size of farms	No. of farms	Total No. of acres in class
Less than $1\frac{1}{2}$ acres-----	68,000	25,000
From $1\frac{1}{2}$ to $13\frac{1}{2}$ acres-----	65,000	450,000
From $13\frac{1}{2}$ to 40 acres-----	46,000	1,150,000
From 40 to 150 acres-----	61,000	5,900,000
From 150 to 650 acres-----	8,000	2,100,000
More than 650 acres-----	822	1,150,000

The fact that there is such a great proportion of these small farmers is chiefly attributable to the liberal terms on which the government advances money to laborers wishing to buy small tracts—lending nine-tenths of the money repayable at a low rate of interest after a long period of years. The government also endeavors to keep down the size of the farms; under certain circumstances it appears that a man is not allowed to buy an adjoining farm and unite it with his own, though I could not get exact particulars on this point.

2. No matter what the system of land tenure, however, the farmers would never have succeeded but for the high degree of general intelligence due to education, and—in hardly less measure—to the unique system of “people’s high schools” with their five-months’ winter courses for young men and three-months’ summer courses for girls.

3. Despite the generally favorable circumstances, co-operation would still have succeeded only partially if all enterprises had not been based upon compulsory, binding, iron-clad agreements. Mere good intentions form no safe basis for a business enterprise.

4. The local societies have been federated into larger groups, and these larger groups into national organizations, with ample power for enforcing high standards of quality, and of commercial integrity. "For the honor of Denmark for the honor of Danish farmers, for the honor of the cause of co-operation," there has been everlasting insistence upon quality, cleanliness, square dealing; absolute reliability in every particular.

5. The business training, the self-confidence, the spirit of fellowship, developed (1) by education and (2) by co-operation, have made the farmers the political rulers of the kingdom. Just as in America, it is regarded as the natural and proper thing to send a lawyer to the Legislature or to Congress, so in Denmark it is regarded as the natural and proper thing to send a farmer.

6. The farmers, however, have had little nursing or coddling, and no lavish appropriations. "Help those who help themselves," has been the motto, and as a rule money has been voted only to such purposes as the farmers themselves would subscribe liberally to further, instead of spent wholesale on such schemes as our congressional "free seed" distribution in America.

7. By reason of the threefold activities of the farmers, (a) as growers of raw material, (b) as manufacturers of this raw material into butter, bacon and eggs, and (c) as sellers of their products, they make three profits where the American farmer makes one, besides making their land richer all the time, so that everywhere crops are bigger than they were 60 years ago. Under these conditions a man finds "ten acres enough," and the ideal of "a little land full of happy people" is not a dream but a reality—thanks to Home Ownership, Education and Co-operation.

APPENDIX

WHAT SORT OF BY-LAWS SHALL WE HAVE?
REGULATIONS FOR A CO-OPERATIVE STORE.
BY-LAWS FOR A FARMERS' CLUB.
PARLIAMENTARY RULES.



APPENDIX

WHAT SORT OF BY-LAWS SHALL WE HAVE?

In every farmers' organization one of the puzzling problems the members first encounter, as we have already intimated in Chapter VII, is as to what they should have in their constitution and by-laws, or articles of incorporation and by-laws, as the case may be.

Let us begin with the constitution, or if an incorporated company, with the articles of incorporation. These should give the name of the organization, place of business, amount of capital stock and size of shares, what officers are to be chosen and their duties, and date of annual meeting. The following constitution of the Excelsior (Minn.) Fruit Growers' Association is a good type of constitution, and with a little extension would serve as articles of incorporation:

Constitution of the Excelsior (Minn.) Fruit Growers' Association

ARTICLE I

The name of this corporation shall be the Excelsior Fruit Growers' Association, and its place of business shall be Excelsior, Hennepin County, State of Minnesota.

ARTICLE II

The business of the Association shall be to buy, sell and deal in fruits of all kinds grown in this vicinity and to do all things necessary to be done in conducting a general fruit business.

ARTICLE III

The officers of this Association shall be a president, secretary, treasurer and a board of three directors, who shall hold their office for the term of one year, or until their successors are elected and qualified. The president and secretary shall be ex-officio members of the board of directors.

ARTICLE IV

The annual meeting of this Association shall be held on the first Monday in April of each year.

ARTICLE V

The names of the first officers of this Association are as follows: G. W. Shuman, President; E. G. E. Reel, Secretary; C. W. Spickerman, Treasurer; H. H. Whitmore, P. M. Endsley and R. A. Wright, Directors.

ARTICLE VI

The president and secretary of this Association are hereby authorized to execute and acknowledge all papers, contracts and deeds necessary to be executed and acknowledged by said Association, but they shall not execute and acknowledge papers of any kind except by the consent and direction of the board of directors of said Association.

Now as to the by-laws. We are presenting herewith a model which combines features of the model recommended by the Wisconsin Board of Public Affairs with some features of the by-laws of the Catawba Co-operative Creamery. These sections may be amended to meet the wishes of any group of prospective co-operators.

Form of By-Laws Based on Wisconsin and North Carolina Experience

ARTICLE I

Membership

SECTION 1. The membership of the Association shall be confined, as far as possible, to actual farmers. Not more than 40 per cent of the stock shall be sold to those whose main interest is other than farming.

SEC. 2. The Association reserves the right of buying in any share of stock which is for sale, and of passing on the acceptability of any applicant for membership.

SEC. 3. All shares must, before issue, be registered on the books of the Association, and the purchaser by the acceptance thereof agrees to all the by-laws and rules of the Association, including also all amendments that may be legally adopted, and thereby shall become a member of the company. No shares can be transferred until all claims of this company against the owner of such shares have been paid.

SEC. 4. If any member of the Association desires to dispose of his share or shares, he shall first offer to sell same to the company at market value; if company declines to purchase, the purchaser may find a purchaser acceptable to the company and have same transferred to said

purchaser on the books of the company in accordance with the rules. If a member removes from the territory and ceases to be a patron of the Association and establishes a residence elsewhere, the board of directors shall purchase the share or shares owned by the said non-resident member. Sections three (3) and four (4) of this article shall be printed on each and every certificate of stock issued by the company.

SEC. 5. Each member shall be entitled to one vote only.

SEC. 6. No member shall be entitled to own more than 10 per cent of the capital stock.

ARTICLE II

Board of Directors

SECTION 1. The board of directors shall consist of five members.

SEC. 2. They shall be selected by and from among the stockholders at the annual meeting, and shall serve until their successors are duly elected and qualified. Of the directors elected upon the completion of the organization two shall serve one year, two two years, and one three years. The regular term of office of the directors shall be three years. If vacancies occur in the board the same shall be filled by the remaining directors until the next annual election. Immediately after the election of the directors, the newly elected board of directors shall meet for organization and the election of officers.

SEC. 3. The board of directors shall have the management and control of the business of the corporation and shall employ such agents as they may deem advisable and fix the rate of compensation of all officers and employees.

SEC. 4. The board of directors shall decide what bonds shall be required of officers and shall audit the accounts of the Association at least once every quarter.

SEC. 5. The board of directors shall meet on the first of each month and be subject to a call for special meetings at such times as the president or secretary shall deem necessary.

SEC. 6. A majority of the directors shall constitute a quorum of the board.

SEC. 7. No member of the board of directors shall be allowed to vote on any question in which he may have any personal interest conflicting with the interests of the Association as a whole.

ARTICLE III

Officers

SECTION 1. The officers of the corporation shall consist of president, vice-president, secretary and treasurer. The office of secretary and treasurer may be held by the same person. The officers shall be elected by the board of directors by a majority vote of the whole number of directors. The first elections shall be held immediately after the election of the board. Subsequent elections shall be held annually, on the day of the first regular meeting of the board after their election, the day to be fixed by resolution of the board of directors.

SEC. 2. In case of death, resignation or removal of any officer, the board shall elect his successor, who shall hold office for the unexpired term.

SEC. 3. The president shall preside at all meetings of the Association. He shall have power to call special meetings of the Association whenever, in his judgment, the business of the Association shall require it. He shall also, upon a written request of 10 per cent of the stockholders or three members of the board of directors, call a special meeting of either the stockholders or directors as may be requested.

SEC. 4. The vice-president shall perform the duties of the president when the latter is absent or unable to perform the duties of his office.

SEC. 5. The secretary shall keep a record of the proceedings of all meetings held by the stockholders of the company, and also of all meetings of the board of directors. The secretary shall keep the accounts of the company and use such system therefor as is adopted by the board of directors. He shall file all receipts, cashed checks and records, and write all checks issued by the company. The secretary, by authority of the president, shall sign all checks issued by the company, and with the president sign all notes. The secretary shall present to the board of directors at their monthly meeting a statement of the business of the company for the previous month. He shall also attend the annual meeting, present to the stockholders a complete record of the previous year's business, giving an itemized statement of the total expenditures and income for the year and a detailed report of the resources and liabilities of the company. For performing such duties, the secretary's compensation shall be fixed by the board of directors.

SEC. 6. It shall be the duty of the treasurer to take care of the funds of the company. He shall make a monthly report to the board of directors, and an annual report to the stockholders of the company.

ARTICLE IV

Capital Stock; Stockholders' Meetings

SECTION 1. The capital stock of this Association shall be-----
-----dollars, which shall be divided into-----
hundred shares of-----dollars each, which shall be
paid in as follows----- (or at such times and in
such amounts as the board of directors may determine), and may be
paid either in cash, property, labor or securities, as the board of directors may determine.

SEC. 2. The stockholders shall meet on the-----
of the month of-----of each year, and at such other
times as is provided in Article III, Section 3.

SEC. 3. Thirty per cent of the stockholders in number shall constitute a quorum for the transaction of business at any regular or special meeting of the stockholders.

ARTICLE V

Apportionment of Earnings

SECTION 1. The directors, subject to revisions by the Association, at

any general or special meeting, shall apportion the earnings by first paying dividends on the paid-up capital stock, not exceeding 6 (or 8) per cent per annum. Then they should set aside not less than 10 per cent of the net profits for a reserve fund until an amount has accumulated in said reserve fund equal to 30 per cent of the paid-up capital stock. Then the remainder of said net profits should be distributed by uniform dividend upon the amount of purchases made by shareholders, and one-half of such uniform dividend should be paid non-shareholders on the amount of their purchases.

(Note.—This half-rate dividend may be credited to the account of such non-shareholders on account of capital stock of the Association. In selling agencies, such as fruit, truck, peanut and cotton growers' associations, and in productive associations such as creameries, canneries, warehouses, factories and the like, dividends should be prorated according to the raw material delivered instead of on goods purchased. In case the Association is both a selling and a productive concern, the dividends may be on both raw material delivered and on goods purchased by patrons.)

ARTICLE VI

Sale of Products

SECTION 1. This organization shall have the exclusive and unqualified power to market those products of its members which the Association was formed to sell; provided, if a competitor raises the price of farm products above that which the Association gives, any stockholder may have the right to sell his products through an outside agency, provided he pays his proper proportion of the running expenses to the Association, as required by rules fixed by the stockholders or directors. This sum should not exceed 5 per cent of the value of products so sold to a competing concern.

ARTICLE VII

Amendments to By-Laws

SECTION 1. These by-laws may be altered or amended by a two-thirds vote of the members present at any regular annual meeting or any special meeting called for that purpose. In the latter case, ten days' notice thereof shall have been given to all the members previous to the time of voting thereon.

SEC. 2. Whenever, in the opinion of the board of directors, a change in the rules and regulations is necessary, they shall have power to initiate such change and refer it to the shareholders for final action.

ARTICLE VIII

Order of Business

1. Call to order.
2. Roll-call of officers.
3. Reading minutes of last meeting.
4. Reports of officers.

5. Reports of committees.
6. Report of education committee.
7. Reports of managers.
8. Communications and bills.
9. Grievances and complaints.
10. Consideration of reports.
11. Election of officers.
12. Filling vacancies.
13. Appointing committees.
14. Unfinished business.
15. New business.
16. Good of the company.
17. Sign minutes.
18. Adjournment.

We are also glad to give herewith another form of by-laws which, out of a large number considered by him, has won the especial commendation of so good an authority as Dr. John Lee Coulter (see Chapter VII). It will be well for a group of co-operators to examine both forms here presented, picking the best ideas from each, and then amend in any particular to suit local conditions. The model form selected by Dr. Coulter is that of the Lakefield (Minn.) Farmers' Co-operative Elevator Company, and reads as follows:

Constitution and By-Laws

ARTICLE I

SECTION 1. The officers of this corporation shall consist of a president, vice-president, secretary and treasurer, who shall be elected by the directors and who shall perform the duties usually appertaining to their respective offices. Said officers shall hold office for one year, and until their successors are elected and qualified.

SEC. 2. No person shall be eligible to the office of president, vice-president or treasurer who is not a director; and no person shall be eligible to the office of director who is not a stockholder. A president, vice-president, treasurer, secretary or director who ceases at any time to be a stockholder shall at the same time cease to hold any office in this corporation.

SEC. 3. The board of directors may by resolution require any and all of the general officers and agents of this corporation to give a bond to the corporation with sufficient securities conditioned for the faithful performance of the duties of their respective offices and such other con-

ditions as may from time to time be required by the board of directors.

SEC. 4. All written contracts entered into in behalf of this corporation shall be signed by the president and secretary, and the corporate seal shall be attached thereto.

ARTICLE II

Directors and Their Duties

SECTION 1. The affairs of this corporation shall be managed by a board of nine directors, who shall be elected by the stockholders at the regular annual meeting, and who shall hold office for one year and until their successors are elected.

SEC. 2. The directors shall elect all the officers of the corporation and appoint all its agents. Vacancies in the board of directors may be filled by the remaining members of the board at any regular or special meeting of the board.

SEC. 3. The regular meeting of the board of directors shall be held immediately after the adjournment of each regular annual meeting of the stockholders, and also upon call of the president or secretary upon one (1) day's notice, either orally or in writing. Such meeting shall be held at the general office of the corporation.

SEC. 4. Special meetings of the board of directors may be called at any time by the president or secretary by giving to each director a written or oral notice, either orally or in writing, at least one day before the time of such meeting.

SEC. 5. At all regular or special meetings of the board of directors a majority of the board shall constitute a quorum for the transaction of business, but a smaller number may adjourn the meeting to another day or hour.

SEC. 6. At each regular annual meeting of the stockholders, the board of directors shall present a general statement or report of the business of the preceding year, and of the financial condition of the corporation.

ARTICLE III

Regulations Concerning Stock

SECTION 1. The capital stock of this corporation shall be divided into 1,000 shares of the value of fifty (\$50) dollars each.

SEC. 2. All certificates shall be signed by the president and secretary and the corporate seal shall be attached thereto.

SEC. 3. Shares of the capital stock shall be transferred by indorsement of the certificate, and its surrender to the secretary for cancellation, and such transfer approved by the board of directors, whereupon a new certificate shall be issued to the transferee. The board of directors may by resolution forbid the transfer of stock for a space of time not exceeding thirty (30) days immediately before the meeting of the stockholders or immediately before the time a dividend is payable. Provided, that in no event shall any stock be transferred until any and

all indebtedness owing by such stockholder to this corporation shall have been paid.

SEC. 4. No stock shall be issued to any other person than a practical farmer, said practical farmer shall be defined as one who makes his living by farming, or one who has ceased farming and is not engaged in any other business that will conflict in any way with the business carried on by this corporation. No person can own more than three (3) shares of capital stock.

SEC. 5. There shall be no assessment levied at any time unless at a regular or special meeting of the stockholders, and no assessment can be levied at any regular or special meeting of stockholders unless each stockholder has been duly notified by a written notice thereof ten (10) days prior to such regular or special meeting at which time an assessment shall be levied.

SEC. 6. Any stockholder who shall fail to pay any assessment levied on his stock for thirty (30) days after the same shall be due shall be served by a written or printed notice by the secretary, personally, or by registered letter through the United States mail. Such notice shall state the amount due from such stockholder, and shall notify him that unless he pays the same within thirty (30) days after the service of such notice his stock shall be forfeited.

If the delinquent stockholder fails to pay the entire amount due from him within the time specified in such notice, his stock shall become forfeited without further notice on the part of the corporation, and such forfeited stock may thereupon, without further notice, be sold by the secretary for the benefit of the corporation, at either public or private sale, provided, that the proceeds of such sale, if any over and above the amount due on said stock, shall be paid on demand to the delinquent stockholder.

ARTICLE IV

Stockholders' Meetings

SECTION 1. The regular annual meeting of the stockholders of this corporation shall be held in the general office of this corporation in Lakefield, Minn., on the last Saturday of June in each year at the hour of 10 o'clock a. m. Special meetings of the stockholders may be called by the board of directors.

SEC. 2. The secretary shall mail to each stockholder at his known place of residence a written or printed notice of the time and the place of holding every annual and special stockholders' meeting. Such notice shall be mailed at least ten (10) days before the time at which the meeting is to be held.

SEC. 3. At all meetings of the stockholders, each stockholder shall be entitled to cast one vote for each share of stock owned by him regardless of the number of shares of stock owned. He may vote in person or by proxy, but such proxy shall be a stockholder, the appointment being made in writing and duly filed with the secretary and by him entered upon the records of the proceedings of the meeting.

SEC. 4. At any stockholders' meeting a majority of the stock must

be represented in order to constitute a quorum for the transaction of business, but the stockholders present at any meeting, although less than a quorum, may adjourn the meeting to some other day or hour.

SEC. 5. The president and secretary of the corporation shall act as president and secretary of each stockholders' meeting unless the meeting shall otherwise decide. Any stockholders' meeting may at any time elect a president and secretary of the meeting and thereupon the president and secretary of the corporation shall no longer act as president and secretary of said meeting.

ARTICLE V

Amendments

SECTION 1. These by-laws, or any of them, may be altered, amended, added to or repealed at any meeting of the board of directors.

ARTICLE VI

Assessments and Penalties

SECTION 1. Assessments for the payment of agents' or employees' salaries, or other expenses connected with the business of this corporation, or for the purpose of increasing available funds on hand, or to cover any deficit in the treasury of the corporation, shall be made upon the several stockholders in proportion and pro rata upon the stock held or owned by each stockholder.

SEC. 2. Any stockholder who shall at any time while a member of this corporation, sell or dispose of to any dealer or elevator company other than this corporation, any grain or seeds of any kind, or who shall deliver to the other dealers or elevator companies for shipment to terminal markets, any grain or seeds of any kind, shall pay to his corporation an assessment and penalty of one cent per bushel for each and every bushel of grain so sold or disposed of to other dealers or elevator companies, or shipped through other dealers or elevator companies, which sum shall become due and payable forthwith, when the buyer or secretary or directors of this corporation shall receive notice or be apprised of the amount of grain or seeds so shipped or disposed of through other dealers. And in case of the refusal or failure to pay said sum then due for such sale or shipment as aforesaid, to this corporation upon demand, by the buyer or agent of this corporation to the secretary, then, in such case, the secretary of this corporation is hereby authorized and fully empowered to levy an assessment and penalty against such delinquent stockholder, said levy to be made under the direction of the board of directors at any general or special meeting of the board; said levy and assessments to be made on the basis of two cents per bushel for all grain or seeds so sold, disposed of or shipped to or through other dealers or elevator companies and said assessment and penalty shall be enforced against such delinquent stockholder, and the collection of the same shall be made in a manner provided for the collection of assessment and penalties under Section six (6) of Article three (3) of these by-laws, and said delinquent

stockholder's stock shall be sold and disposed of for the purpose of enforcing the collection of such assessment as therein provided in said Section six (6) of Article three (3).

Amendments Adopted

Amendment to Article one (1), Section three (3) of the by-laws was adopted December 16, 1905.

The president, vice-president, secretary, treasurer and manager shall each give a bond to the corporation with sufficient securities conditioned for the faithful performance of the duties of their respective positions and such other duties as may from time to time be imposed upon them by the board of directors. The minimum amount of such bond shall be as follows: President, \$1,000; vice-president, \$1,000; secretary, \$1,000; treasurer, \$2,000; manager, \$2,000. The board of directors may by resolution require from said officers, or any of them, a bond in such additional amounts as the board of directors may from time to time deem necessary.

By-Law Added July 10, 1909

In case of the removal of a stockholder from the trading territory of this corporation, the board of directors are hereby authorized to return to such stockholder all moneys and property received by such corporation for such share or shares of stock held by such stockholder, upon proper surrender by such stockholder of such share or shares of stock; provided, however, that this provision shall be subject to the general laws of the state governing corporations.

At the end of each fiscal year, the board of directors shall distribute the net profits, after all operating and other expenses are paid, as follows, and in the order following:

1. A dividend equal to the current rate of interest, but not to exceed 8 per cent, shall be paid upon the capital stock of the corporation if there are sufficient profits for this purpose, otherwise pro rata.

2. Out of the balance of such net profits, if any there be, an amount, not less than 5 per cent of such profits, shall be set over to the reserve fund, until such reserve fund shall equal the amount required by law; thereafter, such amount annually as the board of directors shall determine.

3. The balance of the net profits, if any, shall be distributed to the patrons of the corporation as follows:

To stockholding patrons, upon the sales to and purchases from the corporation, in proportion to the said sales and purchases for the preceding year.

To non-stockholding patrons of the corporation at a rate of one-half that applied to stockholding patrons, and only upon the amount of purchases from the corporation, in proportion to the amount of such purchases for the preceding year.

REGULATIONS FOR A CO-OPERATIVE STORE

The Willmar (Minn.) Co-operative Mercantile Company, mentioned in our chapter on the Svea community, also has some interesting regulations. One of them reads as follows:

"SECTION 2. The absence of a director, officer or committeeman from three successive regular meetings shall be deemed a resignation, unless such absence is decided unavoidable by a concurrence of a majority of such body. The acceptance by any director of the manager-ship or any other position in the company shall constitute a resignation of such director. The board of directors shall proceed to fill such vacancy until next regular meeting of the company."

The following sections on "Manner of Conducting Business" are also instructive:

SECTION 1. Produce or labor will be taken in exchange for goods, at net cash value and will be considered cash.

SEC. 2. Goods shall be sold at ordinary market price.

SEC. 3. A record shall be kept of all the purchases of members and resident non-members, and every non-member patron shall be paid one-half as much percentage of purchase dividend as members.

SEC. 4. Dividends on purchases will be paid only on duplicate sales slips returned each month on or before January first of the current year, and in compliance with the following conditions:

(a) The name of the member, the date of purchase and the salesman's initials or number must be written by the clerk on the sales slip at time of purchase.

(b) Each member shall arrange his sales slips in chronological order, and shall on a separate sheet write in ink the amount of each slip in said order in columns and shall add the same.

(c) He shall then tie the sales slips and the statement sheet together in a compact form, and on the outside write his name in ink and the total amount of purchases on which he is entitled to draw dividends.

(d) No dividend will be paid on slips marked NET, and all goods sold for less than 5 per cent gross profit shall be so marked, nor on slips dated more than six months prior to the closing fiscal dividend period.

SEC. 5. The company may permit deserving persons to subscribe for shares, and to pay for same on the installment plan, but such persons must sign notes specifying times of payment. All dividends to be

credited on said notes, toward the payment of the stock subscribed for, until the member has fully paid said notes, and all other indebtedness to the company.

SEC. 6. Ten per cent of the members shall have the right to initiate any measure or policy that they see fit, and when such number of members shall present a desired measure to the board the latter shall refer the same to the stockholders for final action by referendum.

SEC. 7. Annually, as soon as possible after the end of the fiscal year, after paying the expenses of the company and the management thereof, including 4 per cent per annum deducted from the value of fixtures and 3 per cent per annum from the value of buildings, the net profits of the one year preceding shall be divided as follows:

(a) On all shares of capital stock of this company subscribed and settled for, a capital stock dividend at the rate of-----per cent per annum shall be allowed, but in no case is this dividend to exceed the net profits of such year.

(b) Then the board of directors shall set aside the following sums to the following funds out of the remaining net profits of such year; 5 per cent to the educational fund and not less than 10 per cent to the reserve fund; then the board shall apportion the balance of the net total sum profits of such half year among all the members and patrons according to the amount of their individual patronage. (See Sections 3, 4 and 5, Article XI.)

BY-LAWS OF A FARMERS' CLUB

Mr. A. D. Wilson of the Minnesota Agricultural Station and St. Paul Farmer, under whose direction hundreds of farmers' clubs have been organized in the Northwest, suggests the following form of constitution and by-laws, which may also be varied to suit the wishes of members:

Model Constitution

ARTICLE I

This Club shall be known as the "Farmers' Club of _____."

ARTICLE II

Its purpose shall be to further the material and social interests of its members in particular, and of the people of _____, and the vicinity in general.

ARTICLE III

Its general officers shall be a president, vice-president, a secretary and a treasurer.

ARTICLE IV

Any person may become a member upon receiving a two-thirds vote at any regular meeting, and paying one year's dues in advance.

ARTICLE V

This constitution may be amended at any regular meeting by a two-thirds vote, upon one month's written notice.

By-Laws

SECTION 1. The duties of each officer named in the constitution shall be such as usually pertain to his position.

SEC. 2. All other duties shall be performed by an executive committee of three, which shall be appointed by the president annually upon his assuming office.

SEC. 3. The annual dues shall be one dollar (\$1.00), payable in advance.

SEC. 4. Regular meetings shall be held on the first Saturday of each month, and special meetings may be called at any time by the president, with the approval of a majority of the executive committee.

SEC. 5. The Club shall not engage in any commercial transactions, but shall aid and further business associations among its members; particularly such associations as pertain to the purchase of necessary supplies, and the purchase, sale and management of stock and agricultural and garden products.

SEC. 6. From time to time it shall give entertainments and hold meetings, under direction of the executive committee, for the benefit of its members and of those whom they may invite to meet with them.

SEC. 7. The officers of this Association shall be elected annually at the first regular meeting in the fall and hold their offices until their successors are duly elected and qualified.

SEC. 8. Any member may be expelled from the Club by a majority vote at any meeting without a refund of dues.

SEC. 9. These by-laws may be amended at any regular meeting by a majority vote upon a one month's written notice.

PARLIAMENTARY RULES

Rules Which Should Be Observed in Conducting Meetings of Farmers' Clubs, Farm Women's Clubs, Co-operative Societies, etc.

In the absence of a president, the vice-president presides; in the absence of both, the secretary; or, in his absence, any other officer; or, in the absence of all officers, any member may preside during election of president pro tempore.

A point of order may be raised at any stage of the proceedings, and shall be decided by the chairman without debate. The decision of the chairman may be appealed from, but such appeal may be sustained only by a two-thirds vote of members present. The chairman may submit a point of order to the body, in which case a majority vote decides.

When the previous question is called for, it should be put in this form by the chairman, and decided without debate: "Shall the main question be now put?" If carried, and an amendment is pending, the chairman should then first put the amendment. The chairman should then put the main question, as amended (if amended); all should be decided without debate.

Pending motion for the previous question, or after it has been ordered, the chairman may entertain a motion to refer to a standing or a special committee.

It is a breach of order for the chairman to refuse to put a question that is in order.

A member desiring to speak should arise and address the chairman, and should not proceed until recognized. The chairman should recognize the member who first addressed him. The member recognized has the floor.

No member when speaking should be interrupted without his consent. To obtain consent, the chairman should first be addressed—as for example: "Mr. Chairman, will the brother permit a question?" or "statement" or "an interruption," etc.

No member should attempt to speak more than once upon the same question without permission of the body, which should be determined without debate.

Any member who in debate transgresses rules should be called to order by the chairman, or any member may call him to order. He should not proceed without permission, which should be determined without debate.

A special order is consideration of a given question at a time certain. Any member may insist upon compliance with a special order. A motion to change or postpone a special order should be decided without debate.

If a question in debate contain several points or conditions, any member may call for a division—that is, a consideration of each

proposition separately. The points of difference must be so distinct that one being taken away the other will stand as a definite proposition.

When the result of a vote is in doubt, and a division is called for, it may be determined by a rising vote—first, the “ayes,” then the “noes.”

A question of privilege arising from a dispute between members, or for other cause, must be disposed of before the original question.

The mover of a question, or the member making a committee report, has the privilege of closing debate upon the question.

If any part or point of an amendment is subject to a point of order, the entire amendment is out of order.

No motion is in possession of the body until duly seconded. The mover of a motion may, without consent of his second, withdraw it; provided, the meeting may refuse this permission.

A motion may be reduced to writing on demand of any member.

No dilatory motion should be entertained by the chairman.

When motions are pending to refer a question to a special or standing committee, the vote shall be first upon reference to a standing committee; if upon different dates for specific purpose, the vote should be first upon date most remote; if upon appropriations for a purpose, on different amounts, the vote should first be upon the largest amount.

A motion to reconsider a question is decided by a majority vote. If a majority refuse to reconsider, a second motion to reconsider can only be entertained by unanimous consent.

A motion or resolution referred to a committee cannot be brought back by a motion to reconsider.

An amendment to a pending motion is in order, an amendment to an amendment is in order, but an amendment to an amendment of an amendment cannot be entertained. A substitute to an amended amendment is in order, and one amendment to the substitute may be entertained.

When a question is pending, only the following motions are in order:

- (1.) To adjourn.
- (2.) To lay on the table.
- (3.) The previous question.
- (4.) To postpone to a time certain.
- (5.) To refer or commit (synonymous terms).
- (6.) To postpone indefinitely.

These motions have precedence in the order given, and the motions to adjourn, to lay on the table, and the previous question, are not debatable.

A motion to adjourn when another member is on the floor is out of order; but a member may yield the floor to another for the purpose of making a motion to adjourn.

Points not covered by these rules are to be decided according to Jefferson's Manual.—From Farmers' Union Constitution and By-Laws

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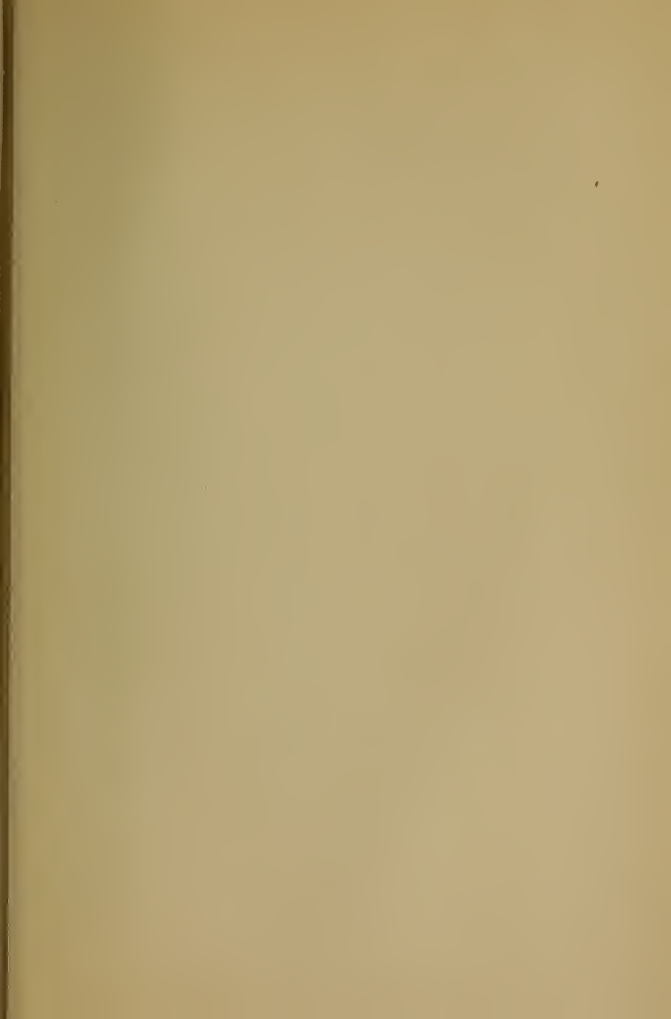
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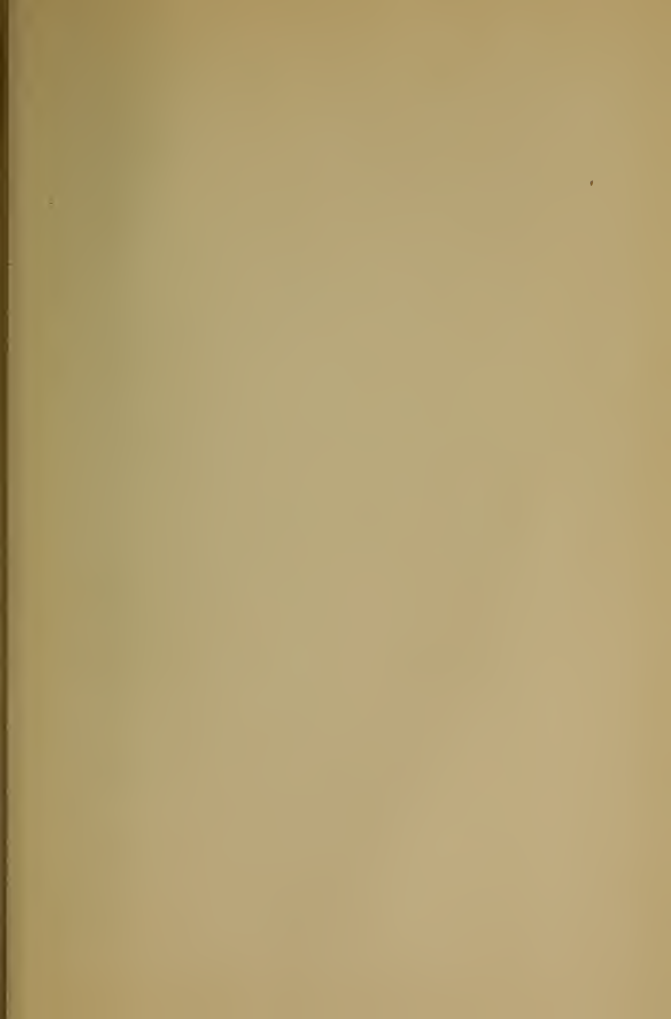
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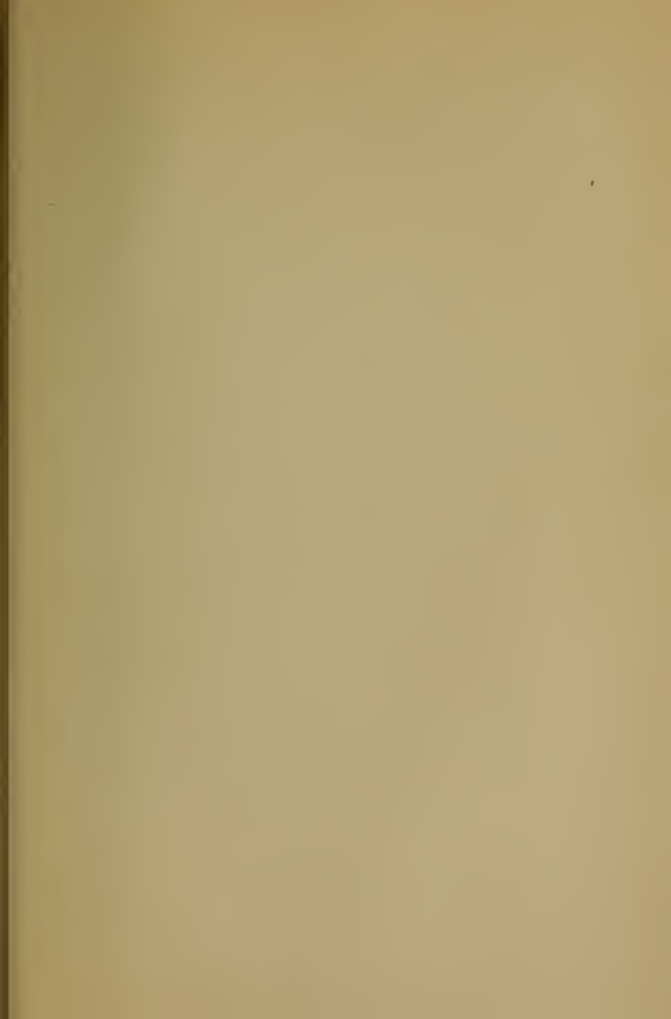
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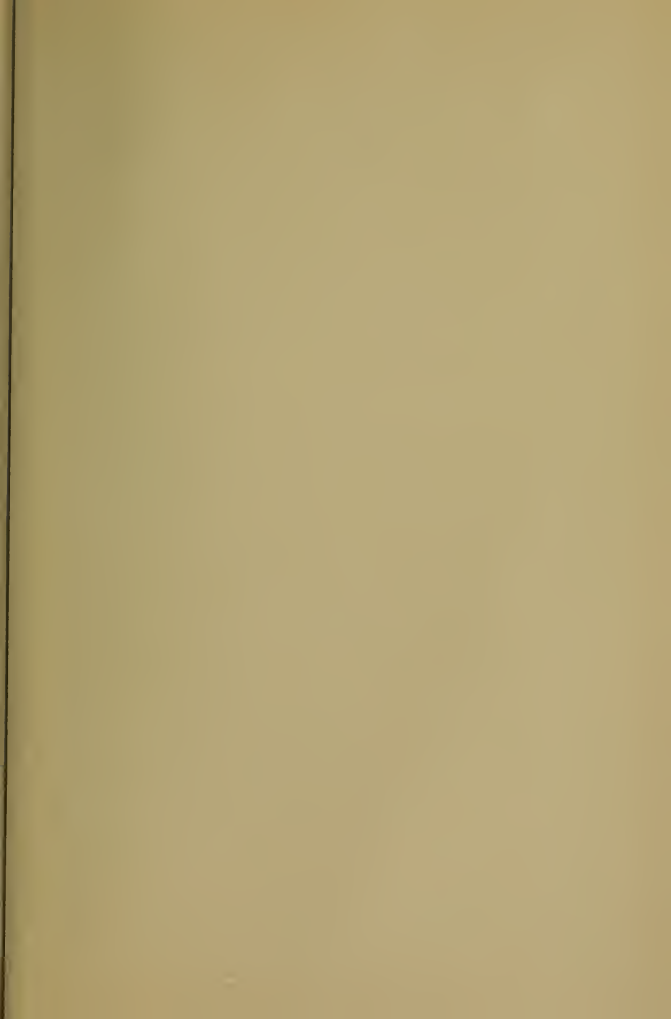












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